

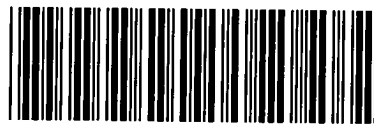
REGISTER'S COPY

CULTURE COVENTRY
(A Company Limited by Guarantee)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2021

Charity number 1152899

Company number 08359113

FRIDAY



AAKHEU3F

A21

31/12/2021

#100

COMPANIES HOUSE

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2021

	PAGE
Company Information	1
Trustees Report	2
Independent Auditor's Report	9
Statement of Financial Activities	12
Balance Sheet	13
Statement of Cash Flow	14
Notes to the Financial Statements	15

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2021

DIRECTORS	M. Coulon (Chairman) J. W. Elliott R. A. Shaw K. Railton R. T. A. Medwell
SENIOR MANAGEMENT TEAM	M. Roberts E. Chard-Cooper F. Nielsen K. Suteu L. Ford R. Addenbrooke R. Jon-Stevens V. Northridge
REGISTERED OFFICE	The Herbert Art Gallery & Museum, Jordan Well Coventry, CV1 5QP.
REGISTERED COMPANY NUMBER	08359113 (England and Wales).
REGISTERED CHARITY NUMBER	1152899
AUDITORS	Dafferns LLP, Chartered Accountants, One Eastwood, Harry Weston Road Binley Business Park Binley Coventry CV3 2UB.
BANKERS	CAF Bank Ltd., 25 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4JQ. HSBC Bank Plc Harry Weston Road Binley Coventry CV3 2SH. National Westminster Bank Plc 24 Broadgate Coventry West Midlands CV1 1NE.

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
TRUSTEES REPORT
(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31ST MARCH 2021

The trustees who are also the directors of the charity under company law submit their report and the consolidated financial statements of Culture Coventry for the year ended 31 March 2021.

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

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

PRINCIPAL ACTIVITIES AND OBJECTS OF THE CHARITY

The principal activities and objects of the Trust are:

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

CHARITABLE PURPOSE

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

The mission and objectives of the Trust are as follows:

Mission:

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

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
TRUSTEES REPORT
(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31ST MARCH 2021

CHARITABLE PURPOSE (continued)

Objectives:

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

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

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

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

PUBLIC BENEFIT

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

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

ORGANISATIONAL STRUCTURE

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

ARRANGEMENTS FOR SETTING UP PAY AND REMUNERATION OF KEY MANAGEMENT

The Trustees consider the senior management team comprise the key management personnel of the Charity in charge of directing, running and operating the charity on a day-to-day basis. The pay of the senior staff is reviewed annually and is based on performance and average earning across the sector.

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
TRUSTEES REPORT
(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31ST MARCH 2021

TRUSTEES

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

R. Medwell
M. Coulon - Chair
J. W. Elliott
K. Railton
R. A. Shaw

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

STRATEGIC REPORT

ACTIVITIES AND ACHIEVEMENTS DURING THE YEAR

The year to March 2021 commenced with all of the Trust's venues being closed through the national lockdown that was imposed on 21st March 2020, as a consequence of the Covid 19 pandemic. Having emerged from the first lockdown with just Coventry Transport Museum (CTM) and the Herbert Art Gallery and Museum (HAGM) re-opening on the 20th July 2020 and 3rd August 2020 respectively, these sites were then closed again on 4th November and did not re-open to the public until May 2021.

Accordingly, the venues were only open for 103 days (in the case of CTM) and 93 days (in the case of HAGM), whilst the Lunt Roman Fort and Old Grammar School were not open at all during the year.

During this time, the business was able to source government grants and assistance through programmes such as the national Job Retention Scheme. As a consequence of this and the ongoing support of partner organisations, the Trust was able to ensure that there were no job losses throughout the closure period and that staff continued to be fully remunerated during all stages of the 'furlough' scheme.

The closures clearly brought challenges to programming, engagement and collecting. The collection had to be 'put to bed' for the best part of the year, whilst some of the team who were not furloughed worked hard to ensure that the collections were maintained correctly and securely. It also afforded the opportunity to rethink a new hybrid world of physical and digital activity, impacting on access to collections, learning programmes, exhibitions, and events, as well as providing opportunities to local artists through digital commissions. Indeed, the use of digital technologies and applications resulted in the Trust's first online private view.

This digital response also resulted in the creation of the 'Culture Space Coventry' platform, which became the only access to the intended programmes and exhibitions during the periods of closure. The success of this engagement has led to the continuation and development of the site, which now plays a dual role of showcasing current exhibitions to a wider audience base, along with being a visual archive of the work undertaken to date.

Furthermore, some additional Esmeé Fairbairn funding supported the development of an online schools membership programme, which had been a key ambition of the Trust for three years. The Media Team and the Learning team came together in consultation with key school stakeholders to develop an online learning platform. The content is a virtual adaptation of live sessions and have an added benefit of being linked to collection loan boxes to replicate the museum experience in school.

The closure period also allowed for the completion of the Arts Council England funded Environmental Improvement capital works, which included significant upgrades in the HAGM and installation of innovative technologies, reducing the carbon footprint of the venue, whilst also leading to substantial revenue savings.

It also allowed for £1.1 million of capital works and improvements to be undertaken in the galleries of the HAGM, through funding received from Coventry City Council's – Cultural Capital Investment Fund. The works involved a complete upgrade and modernisation of three of the existing galleries, whilst also converting a previous art store into a fourth gallery in preparation for future exhibitions such as the Turner Prize during the UK City of Culture year.

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
TRUSTEES REPORT
(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31ST MARCH 2021

ACTIVITIES AND ACHIEVEMENTS DURING THE YEAR (continued)

In the later part of the year, the Trust was also successful in securing Arts Council England - National Activities funding in support of the ambitious UK City of Culture programme. The purpose of the funding is to bolster organisational capacity within the Trust in the lead up to, during and as legacy from the UK City of Culture year - driven by socially engaged contemporary visual arts and allowing world class visual arts to come to the city. The investment should create long term relationships and collaborations with local communities, as well as establish HAGM as a credible partner for nationally significant collections held by partners such as the Tate, The Arts Council Collection, and the British Council.

In March of 2021, the Trust was also awarded a Thriving Communities fund that will support the relationship with social prescribing agencies and other delivery partners to develop arts in health work in the city, targeting social isolation in Black and Ethnic Minorities, over 55's and children and young people in some of the most deprived wards of Coventry. The fund provides an opportunity for arts and cultural organisations, leisure partners such as CV Life and the voluntary sector to work collaboratively in addressing the needs of the city.

From a financial perspective, the enclosed Statement of Financial Activities for the year warrants some explanation in separating the 'operational' performance of the Trust from the accounting impact of the defined benefit pension scheme and the actuarial position as a snapshot at 31st March 2021.

Firstly, there is the operational aspect of the charity's operations, which relates to the incoming resources and expenditure and the decisions and actions we have taken as an organisation during the period of the pandemic. This is explored further in the commentary below.

In relation to the impact of the defined benefit pension scheme and the actuarial position as a snapshot at 31 March 2021, Note 17 to the accounts outlines pension commitments under the defined benefit scheme, and compares the fair value of the plan's assets at the balance sheet date with the present value of the obligations taking into account actuarial assumptions. The statement of financial activities shows an actuarial loss for the year of £2,246k, largely as a result of a change in financial assumptions as specified in more detail in the notes to the accounts. These assumptions are clearly outside of the Trust's control.

The year to March 2021 was like no other ever experienced by the Trust – or by most organisations. Having to completely close all of the venues for most of the year presented unprecedented challenges, which the Trust managed to navigate its way through – and indeed, achieve much in terms of diversifying and expanding its means of interaction with audiences through the creation and enhancement of digital platforms; in commissioning and completing significant venue developments; and in relation to securing significant funding and resource towards the UK City of Culture year and beyond.

The Trustees would like to extend their thanks and express sincere appreciation to the teams of staff, volunteers and partner organisations who ensured that the business was not only successfully managed within the context of challenges that could never have been anticipated; but also continued to grow and shape itself towards the eventual commencement of the postponed UK City of Culture celebrations.

FINANCIAL REVIEW

Income for the year was £4,776,000 compared to £3,929,000 in the previous year, whilst the total expenditure was £4,213,000 compared to £4,976,000 in the previous year. This resulted in an operating surplus for the year of £563,000, before accounting for pension fund actuarial adjustments, compared to a deficit of £1,047,000 in the previous year.

The charity's wholly owned trading subsidiary, Culture Coventry Ventures Limited (CCV), continued to carry out non-charitable trading activities for the Trust during the year. The principal activity of CCV is the management of the retail, conference and catering offers, along with other approved associated trading activity. The company generated a £11,015 surplus in the year, which compared with a surplus of £21,453 in the previous year. The Trustees have confirmed that the trading activities of CCV have been subsumed within Culture Coventry from 1st April 2021 as these

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
TRUSTEES REPORT
(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31ST MARCH 2021

FINANCIAL REVIEW (continued)

activities are ancillary to the charitable trust. Once any gift aid distribution for the year ended 31 March 2021 has been made, as well as the transfer of any remaining assets and liabilities, CCV will become a dormant company.

The actuarial loss on the pension fund valuation was £2,246,000 (2020: Loss £174,000). The net movement of funds on the SOFA was a deficit of £1,683,000. Therefore, as at 31 March 2021 the group had total funds of £45,000 compared to £1,728,000 in the year ending 31 March 2020.

Unrestricted charitable funds were in surplus by £892,000, compared to a surplus of £495,000 in the previous year. This excluded the pension scheme reserve in deficit of £5,372,000, which compared with a reserve in deficit of £2,998,000 in the previous year.

Restricted funds at 31 March 2021 were £4,525,000 an increase of £294,000 on the previous year.

The company's assets continued to be used for the company's objectives of providing facilities for arts and heritage, and the company continued to be grateful for the generous support that it receives from its major sponsors and donors, so that the Trustees consider that the company has sufficient funds to meet its objectives. The accounting policies used to produce the Trust's financial statements are shown on pages 15 to 18.

GOING CONCERN AND FUTURE PLANS

The charitable group is in a surplus position for the year with net income of £563,000 (2020: (expenditure) £1,047,000) (before accounting for actuarial gains and losses on the defined benefit pension scheme). The group has unrestricted funds in surplus of £892,000 (2020: £495,000) (before accounting for the group's share of its pension scheme deficit) and had net current assets of £509,000 (2020: 106,000) as at 31 March 2021.

The charity has received confirmation from Coventry City Council of its continued funding support to for at least 12 months from the approval of these financial statements to April 2022. In light of this commitment and in conjunction with other sources of grant income that have also been confirmed for the coming year, the Trustees consider that the group has sufficient cash resources available to continue to meet its liabilities as they fall due for the foreseeable future. The Trustees have considered the impact of Covid-19 on the charity and have sensitised their cash flow forecasts to consider unlikely worst-case scenarios. In such situations, the Trust has the ability to utilise Covid-19 government support schemes until September 2021 and continues to project positive cash flow forecasts for at least 12 months from the approval of these financial statements.

Based on the factors set out above, the Trustees therefore continue to adopt the going concern basis of accounting and are satisfied that no material uncertainty exists in relation to going concern.

SUPPORT FROM OTHER ENTITIES

Coventry City Council is aligned with the overarching objectives of the Trust. Coventry City Council grant is detailed in Note 3 of the financial statements.

VOLUNTEERS

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

INVESTMENT POLICY

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

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
TRUSTEES REPORT
(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31ST MARCH 2021

TRUSTEE INDUCTION AND TRAINING

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

RISK MANAGEMENT

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

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

A risk facing the business is the maintenance of adequate funding for the charity's pension liabilities. The financial statements report the share of the Local Government Pension Scheme deficit (£5,372 k) on the Charity's balance sheet in line with the requirements of FRS 102. The risk is mitigated by an agreed deficit recovery plan with the West Midlands Pension Fund.

RESERVES POLICY

The restricted reserves for the year are detailed in Note 14 to the accounts. The Trustees, through the development of the Charity's business planning, have considered the level of reserves appropriate to the risks, opportunities and future contingencies faced by the charity. Based on this review, the Trustees believe the charity should look to grow free reserves to £1,000,000.

As at 31 March 2021, the Charity's unrestricted reserves, excluding the accounting entries required under Financial Reporting Standard 102 relating to the Charity's share of the pension scheme liabilities, were £843,000 (2020: £435,000). The Trustees will continue to explore opportunities to increase their free reserves to the target figure above.

Total amount of funds held before accounting for the Charity's share of pension scheme liabilities of £5,372,000 is £5,368,000, of which £4,525,000 relates to restricted reserves.

THIRD PARTY INDEMNITY PROVISION FOR TRUSTEES

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

FUNDRAISING STANDARDS

The charity does not contract with a third party to undertake fundraising on its behalf. Hence, we have received no fundraising complaints during the year.

AUDITORS

Dafferns LLP has indicated its willingness to continue in office.

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
TRUSTEES REPORT
(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31ST MARCH 2021

TRUSTEES RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The trustees (who are also directors of Culture Coventry for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

On behalf of the board



M Coulon

Trustee

Date: 17 December 2021

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CULTURE COVENTRY**

A COMPANY LIMITED BY GUARANTEE

We have audited the financial statements of Culture Coventry (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Trustees' annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

CULTURE COVENTRY

A COMPANY LIMITED BY GUARANTEE

Other information (continued)

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report (incorporating the Directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 8, the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the groups 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 charitable company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE**

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Enquiry of management, and those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Miller FCA MA (Oxon) (Senior Statutory Auditor)
For and on behalf of Dafferns LLP,
Chartered Accountants, Registered Auditors
One Eastwood, Harry Weston Road
Binley Business Park, Coventry, CV3 2UB
Date: 17 December 2021

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST MARCH 2021

	Note	Unrestricted Fund £'000	Restricted Fund £'000	Total Funds 2021 £'000	Unrestricted Fund £'000	Restricted Fund £'000	Total Funds 2020 £'000
Income from:							
Donations and legacies		1	-	1	12	-	12
Charitable activities	3	3,139	1,404	4,543	3,043	220	3,263
Other trading activities		232	-	232	654	-	654
Total Income		<u>3,372</u>	<u>1,404</u>	<u>4,776</u>	<u>3,709</u>	<u>220</u>	<u>3,929</u>
Expenditure on:							
Raising funds							
Commercial activities	4	(221)	-	(221)	(634)	-	(634)
Charitable activities	4	(2,882)	(1,110)	(3,992)	(3,350)	(992)	(4,342)
Total expenditure		<u>(3,103)</u>	<u>(1,110)</u>	<u>(4,213)</u>	<u>(3,984)</u>	<u>(992)</u>	<u>(4,976)</u>
Net income / (expenditure)		269	294	563	(275)	(772)	(1,047)
Transfers between funds		-	-	-	-	-	-
		<u>269</u>	<u>294</u>	<u>563</u>	<u>(275)</u>	<u>(772)</u>	<u>(1,047)</u>
Other recognised gains and losses:							
Actuarial (loss) / gain on defined benefit pension scheme	17	(2,246)	-	(2,246)	(174)	-	(174)
Net movement in funds		<u>(1,977)</u>	<u>294</u>	<u>(1,683)</u>	<u>(449)</u>	<u>(772)</u>	<u>(1,221)</u>
Reconciliation of funds:							
Funds at 1 April 2020		(2,503)	4,231	1,728	(2,054)	5,003	2,949
Funds at 31 March 2021		<u>(4,480)</u>	<u>4,525</u>	<u>45</u>	<u>(2,503)</u>	<u>4,231</u>	<u>1,728</u>

The Statement of Financial Activities includes all gains and losses in the financial period. All income and expenditure derive from continuing operations.

Income of the parent charity for the year ended 31 March 2021 is shown in note 2.

CULTURE COVENTRY

A COMPANY LIMITED BY GUARANTEE

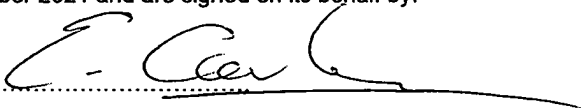
GROUP AND CHARITY BALANCE SHEETS

FOR THE YEAR ENDED 31ST MARCH 2021

	Note	Group 2021 £'000	2020 £'000	Charity 2021 £'000	2020 £'000
Fixed Assets:					
Tangible assets	8	4,908	4,556	4,908	4,556
Investments	9	-	-	-	-
		<u>4,908</u>	<u>4,556</u>	<u>4,908</u>	<u>4,556</u>
Current Assets:					
Stocks	10	57	82	57	-
Debtors	11	269	208	268	438
Cash at bank and in hand		988	398	931	174
		<u>1,314</u>	<u>688</u>	<u>1,256</u>	<u>612</u>
Creditors:					
Amounts falling due within one year	12	(805)	(582)	(796)	(566)
Net current assets		<u>509</u>	<u>106</u>	<u>460</u>	<u>46</u>
Total assets less current liabilities		<u>5,417</u>	<u>4,662</u>	<u>5,368</u>	<u>4,602</u>
Creditors:					
Amounts falling due after more than one year	13	-	(133)	-	(133)
Net assets excluding pension liability		<u>5,417</u>	<u>4,529</u>	<u>5,368</u>	<u>4,469</u>
Defined benefit pension scheme	15	(5,372)	(2,801)	(5,372)	(2,801)
Net assets including pension scheme liability		<u>45</u>	<u>1,728</u>	<u>(4)</u>	<u>1,668</u>
Reserves:					
Restricted funds	14	4,525	4,231	4,525	4,231
Unrestricted funds		892	435	843	435
Pension fund	15	(5,372)	(2,998)	(5,372)	(2,998)
Non charitable trading funds		-	60	-	-
		<u>(4,480)</u>	<u>(2,503)</u>	<u>(4,529)</u>	<u>(2,563)</u>
Total Funds		<u>45</u>	<u>1,728</u>	<u>(4)</u>	<u>1,668</u>

The financial statements on pages 12 to 33 were approved by the board of directors and authorised for issue on 17 December 2021 and are signed on its behalf by:

M Coulon



CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
CONSOLIDATED STATEMENTS OF CASHFLOWS
FOR THE YEAR ENDED 31ST MARCH 2021

	Note	Group 2021 £'000	Group 2020 £'000
Cashflows from operating activities:			
Net cash provided by / (used in) operating activities	21	2,037	418
Cashflows from investing activities:			
Purchase of tangible fixed assets		(1,243)	(353)
Proceeds from disposal of tangible fixed assets		-	177
Net cash used in investing activities		(1,243)	(176)
Cashflows from financing activities:			
Repayments of borrowings		(204)	(364)
Repayments of obligations from finance leases		-	-
Net cash used in financing activities		(204)	(364)
Change in cash and cash equivalents in the year		590	(122)
Cash and cash equivalents at the beginning of the year		398	520
Cash and cash equivalents at the end of the year		988	398
Analysis of cash and cash equivalents			
		Group 2021 £'000	Group 2020 £'000
Cash at bank and in hand		988	398
Total cash and cash equivalents		988	398

Analysis of changes in net debt

	1 April 2020 £'000	Cashflows £'000	31 March 2021 £'000
Cash and Cash Equivalents	398	590	988

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
ACCOUNTING POLICIES
FOR THE YEAR ENDED 31ST MARCH 2021

LEGAL STATUS OF THE CHARITY

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

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

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the Charity's (governing document), the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The Charity is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement or Recommended Practice, which is referred to in the Regulations, but which has since been withdrawn.

The financial statements are prepared in Sterling which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £'000, except where otherwise indicated. Culture Coventry meets the definition of a public benefit entity under FRS 102.

BASIS OF CONSOLIDATION

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

GOING CONCERN

The charitable group is in a surplus position for the year with net income of £563,000 (2020: expenditure £1,047,000) (before accounting for actuarial gains and losses on the defined benefit pension scheme). The group has unrestricted funds in surplus of £892,000 (2020: £495,000) (before accounting for the group's share of its pension scheme deficit) and had net current assets of £509,000 (2020: £106,000) as at 31 March 2021.

The charity has received confirmation from Coventry City Council of its continued funding support for at least 12 months from the approval of these financial statements to April 2022. In light of this commitment and in conjunction with other sources of grant income that have also been confirmed for the coming year the Trustees consider that the group has sufficient cash resources available to continue to meet its liabilities as they fall due for the foreseeable future. The Trustees have considered the impact of Covid-19 on the charity and have sensitised their cash flow forecasts to consider unlikely worst case scenarios. In such situations, the Trust has the ability to utilise Covid-19 government support schemes until September 2021 and continues to project positive cash flow forecasts for at least 12 months from the approval of these financial statements.

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
ACCOUNTING POLICIES
FOR THE YEAR ENDED 31ST MARCH 2021

GOING CONCERN (continued)

Based on the factors set out above, the Trustees therefore continue to adopt the going concern basis of accounting and are satisfied that no material uncertainty exists in relation to going concern.

INCOME

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

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

EXPENDITURE

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

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

RETIREMENT BENEFITS

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

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

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

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

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
ACCOUNTING POLICIES
FOR THE YEAR ENDED 31ST MARCH 2021

RETIREMENT BENEFITS (continued)

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

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

TAXATION

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

FUND ACCOUNTING

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

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

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

TANGIBLE FIXED ASSETS

Fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Museum refurbishment cost	over 10 years
Fixtures and fittings	over 5 years
Computer equipment	over 3 years

INVESTMENTS

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

STOCKS

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

DEBTORS

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

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
ACCOUNTING POLICIES
FOR THE YEAR ENDED 31ST MARCH 2021

CASH AT BANK AND IN HAND

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

CREDITORS AND PROVISIONS

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

LEASED ASSETS AND OBLIGATIONS

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

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

FINANCIAL INSTRUMENTS

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

Financial assets held at amortised cost includes all debtors and cash, excluding prepayments and tax.

Financial liabilities held at amortised cost includes all creditors, excluding tax and social security creditors.

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

2. PARENT CHARITY STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted Fund £'000	Restricted Fund £'000	Total Funds 2021 £'000	Unrestricted Fund £'000	Restricted Fund £'000	Total Funds 2020 £'000
Income from:							
Donations and legacies		23	-	23	204	-	204
Charitable activities		3,139	1,404	4,543	3,043	220	3,263
Total Income		<u>3,162</u>	<u>1,404</u>	<u>4,566</u>	<u>3,247</u>	<u>220</u>	<u>3,467</u>
Expenditure on:							
Raising funds							
Charitable activities		(2,882)	(1,110)	(3,992)	(3,350)	(992)	(4,342)
Total expenditure		<u>(2,882)</u>	<u>(1,110)</u>	<u>(3,992)</u>	<u>(3,350)</u>	<u>(992)</u>	<u>(4,342)</u>
Net income / (expenditure)		280	294	574	(103)	(772)	(875)
Transfers between funds		-	-	-	-	-	-
		<u>280</u>	<u>294</u>	<u>574</u>	<u>(103)</u>	<u>(772)</u>	<u>(875)</u>
Other recognised gains and losses:							
Actuarial (loss) / gain on defined benefit pension scheme		(2,246)	-	(2,246)	(174)	-	(174)
Net movement in funds		<u>(1,966)</u>	<u>294</u>	<u>(1,672)</u>	<u>(277)</u>	<u>(772)</u>	<u>(1,049)</u>
Reconciliation of funds:							
Funds at 1 April 2020		(2,563)	4,231	1,668	(2,286)	5,003	2,717
Funds at 31 March 2021		<u>(4,529)</u>	<u>4,525</u>	<u>(4)</u>	<u>(2,563)</u>	<u>4,231</u>	<u>1,668</u>

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Fund	Restricted Fund	Total Funds 2021	Unrestricted Fund	Restricted Fund	Total Funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Coventry City Council Funding	1,965	844	2,809	1,964	60	2,024
Arts Council England Funding	509	131	640	539	45	584
Heritage Lottery fund – Revenue	-	-	-	-	14	14
Major Partnership Museums Project	-	-	-	-	21	21
Covid Related Grants	521	-	521	-	-	-
Other Funding	144	429	573	540	80	620
	<u>3,139</u>	<u>1,404</u>	<u>4,543</u>	<u>3,043</u>	<u>220</u>	<u>3,263</u>

4. EXPENDITURE

	Staff costs £'000	Depreciation £'000	Other costs £'000	Total 2021 £'000	Total 2020 £'000
Costs of raising funds:					
Commercial activities	185	-	36	221	634
Charitable activities:					
Direct costs	2,040	8	-	2,048	2,133
Allocated support costs	-	884	1,060	1,944	2,209
	<u>2,225</u>	<u>892</u>	<u>1,096</u>	<u>4,213</u>	<u>4,976</u>

	2021 £'000	2020 £'000
Allocated support costs:		
Heat and light	177	231
Advertising and promotions	377	447
Printing and stationery	1	4
Telephone	6	18
Insurance	32	20
Vehicle Storage	125	142
Repairs and maintenance	120	184
Depreciation	884	870
Other expenditure	194	245
Governance costs	28	48
	<u>1,944</u>	<u>2,209</u>

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

5. NET EXPENDITURE FOR THE YEAR

	2021 £'000	2020 £'000
Net expenditure for the year is stated after charging:		
Depreciation and amounts written off tangible fixed assets:		
Charge for period:		
Owned assets	892	881
Leased assets	-	-
Operating lease rentals:		
Plant and machinery	2	6
Land and buildings	116	139
Auditors' remuneration:		
Statutory audit	16	15
Accountancy services	5	2
	<u> </u>	<u> </u>

6. EMPLOYEES

	2021 No.	2020 No.
The average monthly number of persons employed by the Group during the year was:		
Total staff (actual / full time equivalent)	110 / 64	97 / 76
	<u> </u>	<u> </u>
	2021	2020
Staff costs for the above persons:	£'000	£'000
Wages and salaries	1,645	1,849
Social security costs	116	130
Pension costs	464	738
	<u>2,225</u>	<u>2,717</u>
	<u> </u>	<u> </u>

Total redundancy payments amount to £66,748 and relate to redundancy and early retirement costs.

In 2021 no employees received emoluments over £60,000. (2020: nil).

The employer pension contribution for these staff members was paid at the rate disclosed in note 17.

Key management personnel are those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Charity. Remuneration for key management personnel, including employers' national insurance contributions and contributions to the defined benefit pension scheme, amounted to £359,168 (2020: £317,454).

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

6. EMPLOYEES (continued)

No trustees received any remuneration during the year ended 31 March 2021 (2020: £nil) nor were reimbursed any expenses.

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

7. TAXATION

As the company has attained charitable status, the trustees consider that there is no income subject to corporation tax for the year ended 31 March 2021.

8. TANGIBLE FIXED ASSETS

	Museum refurbishment costs £'000	Fixtures, fittings and computer equipment £'000	Total £'000
Group			
Cost:			
1 April 2020	8,383	630	9,013
Additions	1,244	-	1,244
Disposals	-	-	-
31 March 2021	<u>9,627</u>	<u>630</u>	<u>10,257</u>
Depreciation:			
1 April 2020	4,150	307	4,457
Charge for year	832	60	892
Disposals	-	-	-
31 March 2021	<u>4,982</u>	<u>367</u>	<u>5,349</u>
Net Book Value:			
31 March 2021	<u>4,645</u>	<u>263</u>	<u>4,908</u>
31 March 2020	<u>4,233</u>	<u>323</u>	<u>4,556</u>

The net book value of fixtures, fittings and computer equipment includes £ nil (2020: £ nil) in respect of assets held under finance leases and hire purchase contracts.

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

8. TANGIBLE FIXED ASSETS (continued)

	Museum refurbishment & computer costs £'000	Fixtures, fittings equipment £'000	Total £'000
Charity			
Cost:			
1 April 2020	8,383	629	9,012
Additions	1,244	-	1,244
Disposals	-	-	-
31 March 2021	<u>9,627</u>	<u>629</u>	<u>10,256</u>
Depreciation:			
1 April 2020	4,150	306	4,456
Charge for year	832	60	892
Disposals	-	-	-
31 March 2021	<u>4,982</u>	<u>366</u>	<u>5,348</u>
Net Book Value:			
31 March 2021	<u>4,645</u>	<u>263</u>	<u>4,908</u>
31 March 2020	<u>4,233</u>	<u>323</u>	<u>4,556</u>

9. FIXED ASSET INVESTMENTS

	Group 2021 £'000	2020 £'000	Charity 2021 £'000	2020 £'000
Investment in subsidiary undertaking	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

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

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

9. FIXED ASSET INVESTMENTS (continued)

A summary of the results is shown below.

Culture Coventry
Ventures Limited
2021
£'000

Turnover	112
Cost of sales	(214)
	<hr/>
Gross profit/(loss)	(102)
Other operating expenses	(7)
Other operating income	120
Interest payable	-
	<hr/>
Net profit	11
	<hr/>
Retained in subsidiary	11
	<hr/> <hr/>

**Balance sheet position at
31 March 2021**

£'000

Fixed assets	-
Current assets	65
Current liabilities	(18)
	<hr/>
Retained in subsidiary	47
	<hr/> <hr/>

10. STOCKS

	Group 2021 £'000	2020 £'000	Charity 2021 £'000	2020 £'000
Shop stock	57	74	57	-
Catalogue stock	-	8	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	57	82	57	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

11. DEBTORS

	Group 2021 £'000	2020 £'000	Charity 2021 £'000	2020 £'000
Trade debtors	2	95	2	77
Amount due from subsidiary undertaking	-	-	9	248
Prepayments and accrued income	267	113	257	113
	<u>269</u>	<u>208</u>	<u>268</u>	<u>438</u>

12. CREDITORS

	Group 2021 £'000	2020 £'000	Charity 2021 £'000	2020 £'000
Trade creditors	650	276	650	266
Other taxation and social security	37	92	34	88
Accruals and deferred income	59	82	53	80
Other loans	59	132	59	132
	<u>805</u>	<u>582</u>	<u>796</u>	<u>566</u>

Analysis of movements in deferred income:

	Group & Charity 2021 £'000	Group & charity 2020 £'000
1 April 2020	47	131
Income released in year	(47)	(131)
Income deferred in year	85	47
31 March 2021	<u>85</u>	<u>47</u>

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

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

13. CREDITORS: Amounts falling due after one year

	Group 2021 £'000	2020 £'000	Charity 2021 £'000	2020 £'000
Other loans	-	133	-	133

Summary of loans 31 March 2021:

Lender	Final repayment date	Type	Interest rate	Due within more than one year	Due in more than one year
				£'000	£'000
Coventry City Council	Repayable on demand	On demand revolving loan	Fixed -2.4%	59	-

At 31 March 2021 the charity had unsecured loans with Coventry City Council of £59,000.

The On Demand Revolving Loan is repayable on demand.

14. RESTRICTED FUNDS

	Balance 31 March 2020 £'000	Income	Expenditure	Balance 31 March 2021 £'000
		£'000	£'000	
Donations and grants	60	429	(278)	211
Arts Council England	-	131	-	131
Heritage Lottery Funding/ European Regional Development Fund Refurbishment	4,171	-	-	4,171
Gallery Refurbishment	-	844	(832)	12
	<u>4,231</u>	<u>1,404</u>	<u>(1,110)</u>	<u>4,525</u>

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

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

Heritage Lottery Funding/ European Regional Development Fund - Refurbishment of Museum and Old Grammar School - Funds received to finance the refurbishment of the Coventry Transport Museum site. Under the terms of the funding agreement, the Trustees of the National Heritage Memorial Fund have taken security over the leasehold property under development.

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

14. RESTRICTED FUNDS (continued)

Gallery Refurbishment: Improvements made to the existing three galleries and addition of a 4th gallery to the existing space within the Herbert Art Gallery and Museum, to enable Culture Coventry to meet the specification to host exhibitions such as the Turner Prize

Restricted funds at 31 March 2020

	Balance 31 March 2019 £'000	Income £'000	Expenditure £'000	Balance 31 March 2020 £'000
Donations and grants	-	140	(80)	60
Arts Council England	-	45	(45)	-
Heritage Lottery Funding / European Regional Development Fund Refurbishment	5,003	-	(832)	4,171
Heritage Lottery Fund – Revenue	-	14	(14)	-
Major Partnership Museums	-	21	(21)	-
	<u>5,003</u>	<u>220</u>	<u>(992)</u>	<u>4,231</u>

15. PENSION FUND

	2021 £'000	2020 £'000
1 April 2020	(2,998)	(2,481)
(Charge) / credit in the year	(490)	(532)
Actuarial gain on defined benefit pension scheme	(2,246)	(174)
Reversal of items relating to retirement benefits included in the Statement of Financial Activities	362	189
31 March 2021	<u>(5,372)</u>	<u>(2,998)</u>

It would be expected that the Pension Reserve will match exactly the Pension Liability recorded on the Balance Sheet at the end of each year. However, the Trust made an advance payment of £912,000 during the year ending 31 March 2018 to cover its estimated contributions to the scheme for a three-year period to 31 March 2020. As a result of a significant staff restructure later in this year, this was revised to a four-year period. However, the Trust is only required to account for the amount payable in each year. Of the difference of £197,000 at 31 March 2020 between the Pension Reserve and the Pension Liability, £197,000 has been eliminated at 31 March 2021, reflecting the contributions in the year.

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

16. ANALYSIS OF NET ASSETS / (LIABILITIES) BETWEEN FUNDS

	Unrestricted Fund	Restricted Fund	Total Funds 2021 £'000	Unrestricted Fund	Restricted Fund	Total Funds 2020 £'000
Group	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	534	4,374	4,908	325	4,231	4,556
Current assets	1,226	151	1,377	688	-	688
Current liabilities	(868)	-	(868)	(582)	-	(582)
Long term liabilities	-	-	-	(133)	-	(133)
Defined benefit pension scheme liability	(5,372)	-	(5,372)	(2,801)	-	(2,801)
Net assets / (liabilities)	(4,480)	4,525	45	(2,503)	4,231	1,728

	Unrestricted Fund	Restricted Fund	Total Funds 2021 £'000	Unrestricted Fund	Restricted Fund	Total Funds 2020 £'000
Charity	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	534	4,374	4,908	325	4,231	4,556
Current assets	1,105	151	1,256	612	-	612
Current liabilities	(796)	-	(796)	(566)	-	(566)
Long term liabilities	-	-	-	(133)	-	(133)
Defined benefit pension scheme liability	(5,372)	-	(5,372)	(2,801)	-	(2,801)
Net assets / (liabilities)	(4,529)	4,525	(4)	(2,563)	4,231	1,668

17. PENSIONS AND POST-RETIREMENT BENEFITS

a. Defined Benefit Pension Plan

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

Pension costs are assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The most recent valuation was at 31 March 2021. The total contributions made for the year ended 31 March 2021 was £235,000 (2020: £67,000), of which employer's contributions totalled £165,000 (2020: £nil due to the pension prepayment made in 2018). Employee's contributions for the year totalled £70,000 (2020: £67,000).

In addition to the above, the following information is required to be disclosed in accordance with the adoption of FRS 102 in relation to the part of the West Midlands Metropolitan Authorities Pension Fund attributable to the Charity. The last full funding valuation of this scheme was carried out at 31 March 2019. A qualified actuary updated the results of that valuation at 31 March 2021 to obtain the figures stated below. Twenty-one staff transferred to the company from Coventry City Council on 1 April 2003. The Projected Unit Method has been used.

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

17. PENSIONS AND POST-RETIREMENT BENEFITS (continued)

The major financial assumptions used by the actuary were:

	2021 %	2020 %
Rate of increase in salaries	3.85	2.90
Rate of increase or pensions in payment	2.85	1.90
Discount rate	2.00	2.35
Inflation assumption	2.85	1.90

The Mortality assumptions used in the valuation of the pension liabilities were:

	2021	2020
Post retirement mortality assumptions:		
Retiring today		
Males	21.6	21.9
Females	23.9	24.1
Retiring in 20 years		
Males	23.4	23.8
Females	25.8	26.0

(2021 expectations take into account CMI 2020 update)

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

	Fair value: 2021 £'000	2020 £'000
Equities	9,853	7,989
Gilts	1,362	1,632
Other bonds	1,038	587
Property	1,228	1,249
Cash	800	504
Other	2,080	2,076
Total fair value of assets	<u>16,361</u>	<u>14,037</u>
Present value of scheme liabilities	<u>(21,733)</u>	<u>(16,838)</u>
Net pension liability	<u><u>(5,372)</u></u>	<u><u>(2,801)</u></u>

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

17. PENSIONS AND POST-RETIREMENT BENEFITS (continued)

	2021 £'000	2020 £'000
Changes in present value of the defined benefit obligations:		
Opening defined benefit obligation	16,838	17,123
Current service cost	364	368
Interest cost	390	408
Contributions by scheme participants	70	67
Change in financial assumptions	5,037	(1,798)
Change in demographic assumptions	(216)	499
Experience loss / (gain) on defined benefit obligation	(228)	368
Benefits paid	(574)	(301)
Past service costs, including curtailments	52	104
Closing defined benefit obligation	<u>21,733</u>	<u>16,838</u>

	2021 £'000	2020 £'000
Changes in the fair value of plan assets:		
Opening plan assets	14,037	15,028
Interest on assets	326	358
Return on assets excluding interest	2,347	(972)
Other actuarial losses	-	(133)
Contributions by employer	165	-
Contributions by scheme participants	70	67
Benefits paid	(574)	(301)
Administration expenses	(10)	(10)
Closing plan assets	<u>16,361</u>	<u>14,037</u>

The total return on the fund assets was £2,673,000 (2020: (£614,000))

	2021 £'000	2020 £'000
Analysis of actuarial loss on defined benefit pension scheme:		
Return on fund assets excluding interest	2,347	(972)
Other actuarial gains / (losses) on asset	-	(133)
Change in financial assumptions	(5,037)	1,798
Change in demographic assumptions	216	(499)
Experience loss / (gain) on defined benefit obligation	228	(368)
Actuarial loss	<u>(2,246)</u>	<u>(174)</u>

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

21. RECONCILIATION OF NET EXPENDITURE TO NET CASHFLOW FROM OPERATING ACTIVITIES

	Group 2021 £'000	2020 £'000
Net expenditure for the year as per the Statement of Financial Activities	563	(1,047)
Adjustments for:		
Depreciation	892	881
FRS102 pension adjustments	325	531
(Increase) / decrease in stocks	25	14
(Increase) / decrease in debtors	223	(56)
Increase / (decrease) in creditors	9	95
Net cash provided by / used in operating activities	<u>2,037</u>	<u>418</u>

22. RELATED PARTY TRANSACTIONS

During the year the Charity made recharges of £83,939 (2020: £394,436) to Culture Coventry Ventures Limited. At 31 March 2021, the Charity was owed £9,313 (2020: £247,583) by the company.

23. FINANCIAL INSTRUMENTS

The carrying amount of the Group's and Charity's financial instruments at 31 March were:

	Group 2021 £'000	2020 £'000	Charity 2021 £'000	2020 £'000
Financial assets:				
Debt instruments measured at amortised cost	<u>2</u>	<u>95</u>	<u>11</u>	<u>325</u>
Financial liabilities:				
Measured at amortised cost	<u>809</u>	<u>633</u>	<u>806</u>	<u>619</u>

CULTURE COVENTRY
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

24. CRITICAL ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 March 2021. Any differences between the figures derived from the roll-forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical/ areas of judgement

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

Leasing

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