

**HAMPSHIRE CULTURAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' ANNUAL REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

**Charity number: 1158583
Company number: 08986225**

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Company number: 08986225

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Reference and Administrative Details

Company registered number 08986225

Charity registered number 1158583

Registered office and principal address Chilcomb House, Chilcomb Lane,
Winchester SO23 8RD

Contact number 01962 678140

Website www.hampshireculture.org.uk

Directors and Trustees Alan Lovell (Chairman)
Emma Back
Rachel Bebb
Robert Boyle
Peter Cardy OBE
Yinnon Ezra MBE
Paula Ferguson (resigned 19 May 2021)
Keith Mans (appointed 18 November 2021)
Anthony McNaughtan (appointed 1 July 2022)
Roy Perry (resigned 24 September 2021)
Michael Southgate
James Winkworth
Anna Blackman
Lucille Thompson (appointed 30 July 2021)
Helene West

Company Secretary Victoria Donkin

Chief Executive Paul Sapwell

Auditors Azets Audit Services
Carnac Place, Cams Hall Estate,
Fareham, PO16 8UY

Principal Bankers Natwest Bank
105 High Street, Winchester SO23 9AW

Solicitors Paris Smith LLP
11 London Road, Southampton SO15 2AE

Trustees' Report

Report of the Trustees (incorporating the Directors' report) for the year ending 31 March 2022

The trustees are pleased to present their annual report together with the consolidated financial statements of Hampshire Cultural Trust ("the trust") and its one subsidiary, Hampshire Cultural Trust Trading Limited ("the trading company"), for the year ending 31 March 2022.

The trustees (who are also directors of Hampshire Cultural Trust for the purposes of company law) are responsible for preparing the Trustees' Annual 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. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

In so far as the trustees are aware:

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

Chairman's Report 2021-22

At the beginning of April 2021, we found ourselves in a similar position to much of the previous year: with our museums, galleries and arts centres closed during another lockdown.

At the first possible opportunity, however, we opened our doors and welcomed visitors back to our venues. And what a welcome it was. We were thrilled that Culture Minister, Caroline Dinenage, visited Milestones Museum to officially open Mr. Simpson's Teddy Bear Museum and the newly rejuvenated Victorian Pier. The conservation work on the 250 bears that now reside in the museum attracted a much-deserved nomination in the *Restoration or Conservation Project of the Year*

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category in the Museum and Heritage Awards, while the incredible transformation of the retail offer at Milestones saw it named as *Best Museum or Visitor Attraction Gift Shop* in *The Greats* Gift Retailer Awards.

We were soon able to restart our programme of events, exhibitions and activities. Exhibitions included a retrospective of the works of author-illustrator Raymond Briggs and a tribute to Tolkien, *The Magic of Middle-Earth*, while our *Extraordinary Everyday* exhibition, celebrating the art and design of Eric Ravilious, gained plaudits and praise from visitors and press alike. At our three arts centres, customers embraced returning to classes and workshops, but were more cautious returning to live performance: in response, our programme was adapted to include outdoor performance while restrictions remained in place over the summer.

Our social impact projects continued to reach those most at need in our communities. Our sector-leading Horizon 20:20 project completed its fifth year. During this time, the programme has improved 1,200 young people's experience of arts and culture, helping them to build positive relationships and find inspiration for future career opportunities. The two-year ICE Heritage Project to promote positive mental health in young people started in September, continuing our successful partnership with Hampshire Child and Adolescent Mental Health Service. As Wessex Dance Academy approaches its 10th anniversary, I'm proud to report that a commissioned study has demonstrated that, of those who complete the programme, 85% return to school or college or find employment.

Despite the shadow of the pandemic, we made significant progress on three major capital projects. Gosport Gallery closed its doors in preparation for refurbishment works to start its transformation into Gosport Museum and Art Gallery. Our plans to create an Anglo-Saxon experience in a unique partnership with Ubisoft, creators of *Assassin's Creed*, also moved forward at pace. Our crowning achievement of the year was taking on operational responsibility for Winchester Discovery Centre, renamed The Arc: a place for the community to come together to enjoy arts, culture and reading under one roof in the heart of Winchester. The completion of this project was an outstanding achievement by all those involved, and we were honoured to welcome HRH The Prince of Wales to declare the building officially open on 3 March.

Our status as a charity is more crucial than ever. During the year we secured more than £2 million in fundraised income. This included £480,000 from the second and third rounds of the government's Culture Recovery Fund and, in addition, we were one of just 11 charities nationwide to receive an Arts Council England Sustainability grant which will enable us to invest in organisational development to support recovery and ensure a more resilient future.

We made great strides in our commitment to environmental sustainability during the year. Energy audits were undertaken at 12 of our venues, photo voltaic solar panels were installed at four, and we launched our environmental policy and action plan, with our target of becoming carbon neutral by 2030 at its heart. We undertook the Best Companies b-Heard employee engagement survey for the second time and were delighted to achieve both One to Watch status and the position of 12th best charity to work for in the quarterly 2021-22 league table.

2021-22 was undoubtedly a year that once again challenged us all as we put the pandemic behind us and looked ahead to some form of normality. Our achievements in the face of these challenges have been astounding. I would like to thank our funders, partners, visitors and donors for their support during the year and I remain immensely proud of the dedication, creativity and passion that the

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team of staff and volunteers has demonstrated. Having put the pandemic behind us, the current economic climate presents us with yet another challenge as we look to the year ahead. Despite this, we are determined to remain resilient, provide exceptional experiences and deliver social and economic change through inspirational cultural activity.

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STRATEGIC REPORT

Achievements and performance

Highlights of our achievements and performance are explained in relation to our strategic goals.

GOAL ONE

To provide high-quality programmes and venues that engage diverse audiences and inspire local pride

- We started a new financial year with the expectation that we would soon be putting the pandemic behind us. Venues re-opened at the first available opportunity in mid-May, having been closed since Christmas
- We continued to stay connected with our audiences through our online magazine, *Culture on Call*. We published creative and engaging multi-media content, with 200 articles showcasing the scope and diversity of our physical offer. From features about our collections and exhibitions, to initiatives aimed at the most vulnerable people in our communities, this digital programme is now a permanent feature in our online presence
- Despite our venues remaining closed until mid-May, we welcomed 236,384 visitors through our doors. Although these numbers were significant, the impact of the pandemic was still evident, with visitors reaching approximately 52% of 2019-20 levels
- Our total digital engagement, which includes a combination of website sessions and social media impressions, was 11 million, an increase of 2.5 million on the previous year
- Our PR programme secured 750 pieces of positive publicity. Media coverage included BBC South, *The Times*, *The Guardian*, *The Spectator* and *The Artist*, as well as the front cover of and a five-page feature in *Country Life* for *Extraordinary Everyday: The Art & Design of Eric Ravilious*
- The official opening of The Arc by HRH Prince Charles achieved national coverage, from *The Daily Mail* to *The Independent* and *Evening Standard*, regional coverage from Belfast to Yorkshire and Guernsey and extensive coverage in local media outlets
- Our physical programme opened with *Raymond Briggs: A Retrospective*, on tour from House of Illustration at The Gallery, Winchester Discovery Centre. This was the first ever exhibition dedicated to the author-illustrator behind some of the most popular and influential children's books and graphic novels ever published. This was followed by *Paul Joyce: A Life Behind the Lens* commemorating his long and illustrious career spent in the company of the likes of David Hockney, Dennis Hopper and Sophia Loren
- The *Extraordinary Everyday: The Art & Design of Eric Ravilious* exhibition explored the career of Eric Ravilious, with a diverse selection of key watercolours, prints, books and ceramics. The exhibition was drawn from multiple lending institutions across the UK such as Aberdeen Art Gallery and Museums, Victoria and Albert Museum and the Towner Collection, and included many items on loan from private lenders

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- Exhibitions in City Space included Jonny Hannah's *Darktown Dinner and Dance* showcasing Hannah's pop culture illustrations, while the celebratory exhibition *In the Making* showcased artwork created by young people participating in the *Horizon 20:20 More and Better* programme which applies creativity to re-engage young people in learning
- Milestones Museum of Living History saw the official opening by Minister of State for Digital and Culture, Caroline Dinenage, and MP for Basingstoke, Maria Miller, of two new permanent attractions, a Victorian seaside pier with an interactive penny arcade and Mr. Simpson's Teddy Bear Museum, featuring 260 teddy bears bequeathed by the late Bill Simpson
- Over the course of the year, Milestones Museum welcomed 5,949 school students, accompanied by over 1,000 teachers and helpers. Many schools were excited to be able to schedule excursions, and the museum was once again filled with many excited young visitors. We were also able to offer curriculum-themed loans boxes from the museum for the first time, allowing teachers to extend their hands-on learning experiences into the classroom before and after visits
- In the Sainsbury Gallery at the Willis Museum, the flexibility of our lenders and partners meant that we were able to reschedule the full 2020 programme. We opened with a print exhibition from the Hayward Gallery, *Matisse: Drawing with Scissors*, featuring 35 lithographic prints of Matisse's famous paper cut-outs. This was followed by *The Magic of Middle Earth*, an exhibition bringing together an extensive collection of *Lord of the Rings*, ephemera, and *The Art of W. Heath Robinson*, showcasing the artist's humorous drawings, ceramics and scenic and still life works
- The Willis team partnered with Basingstoke Unites Against Racism for an inaugural photography exhibition, *21 Portraits*, to mark Black History Month. The photographs, taken by community members, feature key achievements of those working for more diverse and inclusive communities in Basingstoke. The project was launched with a full-scale projection on the façade of the building, supported by Basingstoke and Deane Borough Council
- At our gallery in Gosport, we re-opened in May with *Gosport Past and Present*, an exhibition featuring the work of local artists and school students inspired by the Stokes Bay area
- With Gosport Gallery closed for building works, the team moved the delivery of school workshops to the Submarine Museum and sourced alternative venues for activities and events. With support from Gosport Borough Council and Historic England, through its High Street Heritage Action Zone scheme, we opened a pop-up shop in the High Street, this will remain open until the refurbishment of the Old Grammar School is complete in autumn 2022
- With significant COVID-19 restrictions in place throughout much of the year, our three arts centres used outdoor programming over the summer to welcome back show audiences, hosted in partnership with Rockbourne Roman Villa and Wellesley Woodlands. By the end of the autumn, the live performance programme had gathered momentum, with sold-out shows from both local artists, such as Black Box Theatre, alongside popular music acts including St Agnes Fountain and comedy shows from Gary Delaney and Andy Zaltzman
- In our Community Museums, we opened four new collections-based exhibitions: an exploration of Anglo-Saxons in *Monsters, Myths and Magic* at Red House Museum in

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Christchurch; the history of policing, crime and punishment in Hampshire in *It's a Fair Cop* at Andover Museum; a look at how women adopted men's clothing in *Function, Fashion and Freedom* at Westbury Manor Museum in Fareham, while *Dawn to Dusk* at the Allen Gallery in Alton explored the work of artist, W.H. Allen

- Thanks to funding from a Christchurch Town Council Community Grant, the Friends of the Red House Museum worked with us to fund an artist commission to mark the museum's 70th anniversary. The project involved a community consultation process for the design of a new mosaic mural for the museum foyer and a series of daily, free community mosaics workshops over one week in July. The new artwork was unveiled by the town's Mayor during the Friends of the Red House Museum's Garden Party
- Through a partnership with the Hampshire and Isle of Wight Modern Slavery Partnership, we launched *Modern Slavery*, an exhibition designed to be an emotive and thought-provoking journey through the compelling stories of modern slavery survivors from the local area. The exhibition opened at Eastleigh Museum and will tour to further community museums in 2022-23
- A first phase application was made to the National Lottery Heritage Fund for the redevelopment of the Allen Gallery in Alton. Our vision is to transform this venue into a thriving heritage hub. Building on the venue's outstanding ceramics collections and gardens, as well as its established volunteering programme, we aim to involve local people in shaping an offer that is attractive and relevant to all ages and backgrounds
- At Bursledon Windmill, the stocks and sails were removed due to the wear and tear of daily operation. A community fundraising campaign raised nearly £10,000 to support the work of assessing and repairing them prior to reinstating them and helping the mill get back to full working order
- Collections management is a critical part of enabling our high-quality public engagement programme. Our work behind the scenes for Mr. Simpson's Teddy Bear Museum at Milestones Museum received national recognition as a nominee in the *Museums & Heritage Awards* Conservation Project of the Year category
- Managing information about the collections we care for is key to making them widely accessible. During the year, our team of staff and volunteers made structural improvements to our database, while also including over 4,000 new images, adding 4,600 new records, and updating 2,500 existing object files
- Direct public access to our collections continued to be high given the practical limitations. Our collections are available online on a dedicated website which received over 120,000 views last year. In addition, we responded to 675 public enquiries, which ranged in scope from checking local history details to arranging in-person access to our stores and archives. We also helped to protect the archaeology of Hampshire, recording over 694 metal detecting finds and declaring 56 treasure cases

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GOAL TWO

To improve wellbeing, health and happiness through cultural experiences

- The work we do with the most vulnerable in our community is at the core of our purpose, changing lives through culture. We continue to work with key partners such as Hampshire CAMHS (Child and Adolescent Mental Health Services), the National Probation Service and support organisations like Combat Stress and local Recovery Colleges. This work provides cultural engagement for a range of communities that includes veterans, older people living with dementia, adults and young people with mental health issues and people either in prison or on probation. During the year we ran 12 social impact programmes, working with 34 partners and 688 participants
- **Brighter Futures**
Brighter Futures is a social prescribing programme with local health and community providers which supports adults with mental health needs, funded by Hampshire County Council's Adult Community Learning. In 2021-22, the programme was delivered in Rushmoor and Fareham, offering both in-person and online opportunities for adults to access a variety of courses such as poetry for wellbeing, needle felting and jewellery making. For the first time the programme offered courses suitable for adults with learning difficulties, delivering mixed media collage and dancing fitness courses. These courses aim to build confidence, develop emotional resilience and provide opportunities for people to connect with other people in their local community. During the year we worked with 245 participants on 33 courses
- **Still Going – Red House Museum**
Red House Museum delivered *Still Going*, funded by Sport England, creating new health and wellbeing programmes. These included the launch of women's wellbeing walks, a gardening project, as well as gentle yoga and seated yoga in the museum gallery. To date, 20 women who would most benefit from taking part in more physical activity have been involved
- **Still Strolling Dementia-Friendly Walks**
In July 2021, the Red House Museum, with the help of volunteers, was able to relaunch its Dementia-Friendly Heritage Health Walks for people with dementia and their carers. Since August 2021, there have been 340 instances of people taking part in the museum's dementia-friendly programme, including 120 people who have taken part in object handling sessions in collaboration with Bournemouth, Christchurch and Poole Carers Network and Highcliffe Dementia Support Group
- **Health and Wellbeing**
With support from the Armed Forces Covenant Fund, Aldershot Military Museum has been able to continue its work with veterans, delivering online, weekly sessions exploring a wide range of museum objects, which participants have researched and interpreted, creating their own responses through artwork and poetry

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- **ICE Heritage**

ICE Heritage (Inspire, Create and Exchange) is a two-year project, funded by the National Lottery Heritage Fund and Sussex NHS Partnership Foundation Trust and developed through the continued successful partnership with Hampshire Child and Adolescent Mental Health Services (CAMHS). The project aims to address and explore important mental health issues in young people using creative engagement with local heritage as well as working with artists to explore themes such as identity and self-care, creating exhibitions to share with local communities

- **Horizon 20:20**

Horizon 20:20 is our ambitious arts-intervention programme, using regular, engaging arts and cultural activity to achieve positive social outcomes for vulnerable young people who have been excluded from mainstream school, or cannot cope in a mainstream learning environment. With thanks to emergency funding from Paul Hamlyn Foundation and additional support from Garfield Weston Foundation, Horizon 20:20 has continued into its sixth year. During that time, it has supported 1,200 young people to build positive relationships, improve communication, increase creativity and find inspiration for future career opportunities. The programme has taken place at 30 cultural venues working with 100 artists and organisations across seven Alternative Education settings (pupil referral units) in Hampshire

- **Reaching Out!**

Reaching Out! Is a North Hampshire Museum Education Partnership between four of our museums, two external partners and The Science Museum. The project, funded by Arts Council England and the Department for Education, continues to reach out to schools in North Hampshire that have above average indices of deprivation. Completing its sixth year, the project reached 721 students from 13 target schools with a 10% Pupil Premium or higher. 68 children also completed their Arts Award Discover level

- **On the Move!**

With support from the Museums Association and Esmée Fairbairn Foundation, we continued our ambitious On the Move! Project, combining working with our collection of historic, vintage and agricultural vehicles with supporting men recovering from mental health crises. Participants have researched objects, improved digital catalogues and shared their findings online and in our museum displays

- **Wessex Dance Academy**

As Wessex Dance Academy approaches its 10-year anniversary, a study was commissioned to understand the impact the contemporary dance programme has had on its participants. The evaluation demonstrated the Academy's effectiveness in positively influencing participants' self-esteem, physical fitness and self-care, learning, achievement of goals, relationships, communications, empathy and resilience. Of those who complete the programme, 85% return to school, college or find employment

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GOAL THREE

To deliver a sustainable future for culture in Hampshire, contributing to the local economy and building stronger communities

- With many funders only gradually re-opening their funding streams following the pandemic, it was essential to take every opportunity to help support recovery as well as fund upcoming programmes. During the year we secured £2,107,112 in grants and donations including £480,000 from the second and third rounds of the Culture Recovery Fund to cover core operating costs in the absence of earned income. In addition, we were one of only 11 organisations in the country to secure an Arts Council England Sustainability grant of £355,000. With the addition of Gift Aid, a total of £2,246,927 in fundraised income was secured
- We raised £430,000 towards our long-term ambition to create the UK's first attraction dedicated to Anglo-Saxon heritage, planned to open in October 2022. Concept designs were developed and are the result of a unique collaboration with video-gaming and technology innovators, Ubisoft, creators of the Assassin's Creed Valhalla video game
- We took on responsibility for the management of Winchester Discovery Centre, renamed The Arc. Working closely with Hampshire County Council, a joint vision was created for the venue as a place to come together to experience arts, reading and community under one roof, in the heart of Winchester. Following a period of internal refurbishment, a welcoming environment was created for visitors, encouraging participation and exploration. A new brand identity, website and cultural programme were launched, maximising income generation potential
- We worked closely with the Licoricia of Winchester Appeal and Hampshire County Council on the installation of the bronze, life-size statue of Licoricia of Winchester outside The Arc on Jewry Street, the historic centre of the city's Jewish community and where prominent medieval Jewish woman Licoricia was known to have lived. The statue, designed by award-winning sculptor Ian Rank-Broadley, is a symbol of tolerance, diversity and sanctuary. HRH the Prince of Wales visited the statue and officially opened The Arc in March 2022
- Throughout the year we reached significant milestones in the redevelopment of Gosport's Old Grammar School. A fundraising total of £1,210,000 was reached, with funding secured from Arts Council England, the Foyle Foundation and Changing Places, who join Historic England and our local authority partners, Hampshire County Council and Gosport Borough Council, in contributing to this project. We also raised £10,000 through our Tag-A-Tile community fundraising campaign, which saw individual donors contributing to inscribe a tile in the new courtyard. Planning permission for the redevelopment was confirmed, with specialist designers, Hara Clark, appointed to lead on the design of the new museum and to support on the associated community engagement programme. Work on site commenced in early 2022
- As the lead partner for the Gosport Cultural Consortium, the trust has secured £100,000 from Historic England to enable the delivery of the Gosport Cultural Programme, in association with the High Street Heritage Action Zone. This has seen the establishment of a retail offer for local artists and makers and the start of a new, annual creative grants programme
- The trust continued to play a broad role in supporting the wider development of arts, culture

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and heritage in Gosport. The trust is an active member of the Place Board and played a central role in working with Gosport Borough Council and Arts Council England to commission a new cultural strategy for the region. The trust has also been commissioned as the lead delivery partner for the first stage of the strategy, receiving funding to engage a new team that commences work in mid-2022. The trust also worked with other local authorities, including Basingstoke and Deane and Rushmoor, on consultation for their respective cultural strategies

- We were successful in securing funding from Arts Council England to test three models of co-creation across our arts centres. Learning from this has helped inform our plans for our National Portfolio Organisation application in 2022
- The trust was a supporting partner in the New Forest Creative People and Places bid to Arts Council England, securing £1m over three years for community-led programming in the region
- We received more than £30,000 in donations at our venues and a single gift from the Friends of the Willis Museum of £10,000, which will help leverage further funds to enable planning for redevelopment works at the museum to commence
- Our fundraising team prepared an application to join Arts Council England's new National Portfolio group of regularly funded arts organisations, museums and libraries for 2023-26. The application focuses on Arts Council England's priority places for investment: Rushmoor, Gosport and the New Forest
- We developed an IT strategy to ensure a robust and flexible infrastructure for the long term and successfully migrated our systems to a cloud-based environment, creating an efficient, resilient and cost-effective business system platform. In addition, we increased the flexibility of our workforce by fully embracing hybrid working with greater use of video conferencing technology, underpinned by a trust-wide network upgrade
- To consolidate our ticketing platforms and customer data sources, we implemented Spektrix, a sector-leading ticketing and CRM platform. This has streamlined our disparate customer and donor management systems, improved our customer booking experience and reduced processing and payment costs
- With the implementation of Spektrix, we also made significant changes to five of our seven websites, improving online functionality and enabling cross-promotional opportunities for tickets, donations and merchandise. In addition, we launched arcwinchester.org.uk ahead of the venue opening in February
- We completed two further volumes of the Winchester Archaeology series: *Roman Pottery from Winchester's Suburbs* and *Defences and Excavations at Hyde Abbey*. Both volumes are now available in our shops and for the first time the entire series is available to order online
- A review by the publication *Museums Journal* placed Hampshire Cultural Trust in the Top 10 heritage organisations nationally for acquiring treasure finds – important archaeological objects that would otherwise be lost to the public
- We started a contemporary collection to commemorate the pandemic, keeping objects that will, in the future, help us understand how people in Hampshire battled with COVID-19
- The refurbished Milestones shop was declared Best Museum or Visitor Attraction Gift Shop in

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The Greats Gift Retailer Awards

- We developed our Environmental Policy and Environmental Action Plan to support our aim of reaching carbon neutral status by 2030. Recommendations from energy audits conducted at 12 of our venues resulted in 433 solar photovoltaic panels being installed on the roof of Milestones Museum. Installation of the panels was coordinated by Hampshire County Council and funded by the government's Public Sector Decarbonisation Scheme, with the equivalent of half of the annual electricity use for this site now coming from a renewable, zero-carbon energy source
- We introduced the role of Environmental Sustainability Manager to support the embedding of our environmental strategy into our organisational culture and commissioned a biodiversity study of our venues with green spaces. This will assist us in identifying and maximising opportunities for developing ecosystems and promoting biodiversity through our county-wide programming

GOAL FOUR

To create fulfilling employment and volunteering opportunities through culture

- Our people are our most valuable asset. This was demonstrated in the support we provided throughout the pandemic to our team of more than 200 staff and 400 volunteers. Throughout the uncertainty of the pandemic, we continued to top up employee salaries to 100%. We also maintained regular, frequent communication and supported remote and flexible working. We set up four lateral flow test collection sites across our venues and provided guidance and training about returning to the workplace to staff and volunteers
- We have permanently enhanced support for employees' work-life balance through the development and launch of our new Flexible Working Policy and Working from Home Guidance. We are proud to take a positive and enhanced approach to flexible working requests: employees can request flexible working from day one of employment and make up to two formal requests for flexibility per annum
- We launched a new Sick Pay Policy that offers improved contractual sick pay to all employees. We also launched a new Sickness Absence Management Policy and provided training to our line managers to develop capability to support the health, safety, wellbeing and attendance of all employees
- We have invested in mental health first aid training for 16 employees to become qualified Mental Health First Aiders in support of staff, volunteers and visitors
- Throughout the pandemic, we continued to recruit and are delighted to have welcomed both new employees and casual members of the team during the year
- We launched the Insights Discovery® framework with a number of our teams and venues. The framework is a four-colour model which helps people understand more about themselves and others. The sessions have driven an increase in self-awareness and support our people to build stronger relationships
- We undertook the Best Companies b-Heard employee engagement survey for the second

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time. We are delighted to have achieved One to Watch status and 12th best charity to work for position in the Q3 2021-22 league table

- We launched our first People Information System, TrustHub, which empowers our staff by providing self-service to employees and managers. The system has improved our internal processes, professionalism, efficiency, documentation and reporting
- We created new digital volunteering opportunities for research into our historic vehicle collections. 20 volunteers from across the country helped us digitise our collections records, gaining valuable experience for their future careers and keeping them occupied during the challenge of lockdown
- The Milestones and Basing House team welcomed a new Volunteer Manager, whose focus is growing volunteer opportunities and experiences across the two venues. Throughout the year, we welcomed some new, specialist volunteer roles for, amongst others, Mr. Simpson's Teddy Bear Museum and the Milestones Pier, as well as a new volunteer beekeeper at Basing House

Our Supporters

Hampshire Cultural Trust is very grateful to all of our supporters who have contributed to our activities during the year. This includes a number of other Trusts, Foundations and statutory bodies in addition to individual donors and friends groups.

Financial review

Due to the reopening of our venues following the COVID-19 closures, income from charitable activities has increased by 225% from £321,785 to £1,044,944. Visitor levels are still behind pre-pandemic levels, averaging at 60% of 2019-20 levels since reopening. However, admissions yield continues to outperform pre-pandemic years due to a higher percentage mix of new visitors, and retail and catering spend per head has also remained high largely due to investments made in Milestones before the pandemic.

Hampshire Cultural Trust Trading Limited is showing a profit for the year of £334,839. The available taxable profits of the trading company will be Gift Aided to the trust during the next financial year.

The principal source of funding remains with our founding members Hampshire County Council and Winchester City Council, contributing 34% to income (44% in 2020-21). Other local authority income contributed 6.0%.

During 2021-22, the trust has benefitted from government support through business grants and the CJRS Furlough scheme. Alongside this, the trust was successful in securing funding through the second and third rounds of the government's Culture Recovery Fund, as well as securing £355,000 Sustainability grant funding through Arts Council England. In total, we have received £1,093,000 in 2021-22.

The trust achieved a consolidated surplus for the year to 31 March 2022 of £84,246 (2021: £419,810). The trust's total reserves at 31 March 2021 were £2,430,859 (2021: £2,346,613).

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Despite the surplus achieved in the year, our closing cash position has decreased to £1,866,537 (2021: £2,068,150), a decrease of £201,603. The decrease in cash in the year is largely due to capital investment projects across our venues.

Unrestricted net assets are £1,701,632 (2021: £1,757,715), £1,516,594 is held as net current assets and available for immediate use as free cash reserves.

The trustees consider that the trust and its trading subsidiary continue to be a going concern.

Committed funds from our founding local authorities through to 31 March 2023 provides reassurance as to the basis of going concern, even through this time of difficult trading. Management has produced cash flow forecasts for these periods, which demonstrate that there are adequate reserves to continue to operate for the foreseeable future, and for at least 12 months from the date of this report.

The trustees are pleased to report that with income committed from core funders, and trading income on reopening, our reserves remain sufficient to support activities going forward.

Reserves Policy

The trust holds reserves primarily to protect itself from the impact of unexpected variations in income and expenditure. Significant variations in income may arise, for example, from a major incident at the trust's main income-generating venue, or through delays in receipt of project grants, or a global pandemic, such as the one we have experienced through 2020-21. In addition, an incident such as a fire may result in additional costs being incurred, which the trust may have to finance from its own funds before any recovery from third parties.

The trustees have reviewed the trust's reserves policy to reflect the maturity of the trust. Under the reserves policy:

- the trust's reserves comprise the unrestricted funds excluding fixed assets at the financial year-end;
- the trust does not hold reserves to protect it from the impact of non-payment of local authority grant income as the amounts and receipt are notified well in advance, and risk of non-payment is considered low;
- the trust does hold reserves to guard it against the impact of an unexpected decline in non-local authority income, or of having to incur a level of expenditure which exceeds the amounts budgeted or planned; and
- the target level of reserves for the trust is based on one quarter of the amount by which annual budgeted expenditure exceeds the core local authority grant funding.

Under this policy, bearing in mind Charity Commission guidance, the trustees consider an appropriate level of reserves to be approximately £1,000,000, although significant variations may arise year to year. As at 31 March 2022, the group's total unrestricted funds were £1,701,632 which, after deduction for amounts invested in fixed assets (£185,038), equates to reserves of £1,516,594 and £729,227 restricted reserve, of which £128,593 relates to restricted tangible fixed assets. As above, the free cash reserves are £1,516,594; the accumulation of this level of reserves reflects the

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trustees' caution in the current economic climate and the prudent financial management of the trust. This has enabled the trust to adapt and respond to the COVID-19 pandemic, and to continue to invest for the future.

The trust is continuing to invest in its portfolio, its infrastructure and its people. These investments will continue to enhance the revenue generation of the venues and activities of the trust; to ensure a more diverse and resilient portfolio of funding sources; and to maintain the level of reserves in line with the trust's reserves policy. During the year, the trustees have agreed to designate some of the unrestricted funds for projects, as shown in note 21 to the financial statements. A total of £325,000 is designated for committed projects, leaving unrestricted funds available for the core operating activities. The designated funds at 31 March 2022 relate to future income generating projects.

The trust's reserves policy will continue to be reviewed on an annual basis.

Principal Risks

The trust continues to develop its framework for risk management. Risk management is focused on identifying significant risks, which are inherent within the trust's activities, structure, and funding; and mitigating the potential impact of these risks through the trust's operating and investment programme, management actions, and conventional risk mitigation such as insurance. Key risks are regularly reviewed and discussed by the Leadership Team and with the Finance, Investment and Audit Committee. The board reviews the full register on an annual basis.

The principal strategic, financial and operational risks which are inherent in the trust's activities, structure and funding relate to the impact of:

- reductions in the level of ongoing funding from local authorities, and the trust's ability to secure adequate and sustainable alternative sources of funding;
- failure to control costs leading to lack of cash or inability to support operational needs;
- inadequate safeguarding arrangements leading to young / vulnerable persons being harmed while taking part in the trust's programmes; and
- impact of unexpected variations of income and expenditure, such as fire, flood, global health pandemic or other significant event.

These risks are mitigated or managed through the design and implementation of the trust's work programme. This includes:

- delivering an ambitious programme of events, activities and projects to include active strategic and operational engagement and partnership-working with local authority representatives at both operational and financial levels;
- continual improvement in operations and financial management, enabling the trust to deliver its operational programme within approved financial budgets, whilst maintaining the planned level of reserves;
- ongoing development of staff and employment policies to meet current requirements and best practices;

Trustees' Report

- safeguarding policies to be reviewed and issued, DBS checks for all staff involved in regulated, unsupervised activity as highlighted in the safer recruitment policy;
- holding the appropriate level of reserves as detailed in the reserves policy;
- continual development of the operational risk register with a wider scope and frequent monitoring; and
- holding appropriate insurance cover including, business interruption, property, employers' liability, professional indemnity, public and products liability, collections, fleet and cyber.

The trust will continue to develop its risk management framework and regularly review its related policies and procedures.

Trustees' Report

Plans for future periods

- As we start to put the pandemic behind us, we look forward to an exciting and challenging 2022-23, with major projects coming to fruition. Although still in a period of recovery, we remain committed to our ambition to place culture at the heart of social and economic change and aim to demonstrate the positive impact that our programmes, projects and partnerships have on people's wellbeing, health and happiness. Our organisational goals will continue to focus on social impact, the quality of our offer, achieving financial resilience and our people
- We will continue to invest in organisational development through Arts Council England's sustainability grant, which will focus on: upgrading our IT infrastructure; training and wellbeing initiatives; establishing a strategy and action plan for our Equity, Diversity and Inclusion goals; improving our environmental sustainability and broadening income generation possibilities
- We will submit an application to join Arts Council England's new National Portfolio group of regularly funded arts organisations, museums and libraries for 2023-26
- Our exhibition programme will include *Out of the Blue* in The Gallery at The Arc, celebrating the work of influential design company, Designers Guild. This will be followed by *Infinite Beauty*, a unique, self-curated exhibition drawing on artworks held in private collections throughout the county by artists including Andy Goldsworthy, Chris Drury and Elizabeth Frink
- *A Farewell to Art: Chagall, Shakespeare and Prospero*, a touring exhibition of a rare, limited-edition portfolio by Marc Chagall, features 50 illustrations created to reflect his interpretation of *The Tempest*, while *Sin*, a touring exhibition from The National Gallery, will explore the concept of sin in art over the centuries by bringing together works of art from Bruegel and Velázquez to Andy Warhol and Tracey Emin
- The Sainsbury Gallery at the Willis Museum will exhibit a curated selling show of works from members of the Hampshire and Berkshire Guild of Craftsmen; large-scale, fantastical sculptures in *Mythomania*; the premiere of the annual *Trinity Buoy Wharf Drawing Prize* and an opportunity for audiences to step inside our collections with a display of historic shoes
- Our venue in Gosport will re-open after extensive refurbishment work to bring the building back into full use for the Gosport community. Re-named Gosport Museum and Art Gallery, the newly renovated historic building will feature a permanent museum documenting Gosport's history through the eyes of the people who live there, a new café, a new community gallery, improved learning rooms and a prominent entrance onto the High Street, with a new, accessible walkway linking the café and museum to the gallery. An artist commission has confirmed nationally renowned Portsmouth artists, Heinrich and Palmer, as exhibitors for the venue's re-opening, anticipated for autumn 2022
- In a unique collaboration with global video-gaming company, Ubisoft, and UK creative innovation studio, Sugar Creative, we will launch 878 AD, a new, immersive and interactive experience using digital recreations of Anglo-Saxon Winchester from the *Assassin's Creed: Valhalla* video game

Trustees' Report

The attraction, located in Winchester's Brooks Shopping Centre, will open in autumn 2022 and visitors will discover everyday life in Anglo-Saxon Winchester through cinematic projections, interactive displays, historic artefacts and live performance. An interactive app will extend the immersive journey across the city, using a combination of augmented reality technologies and geo-located content to bring history to life. Using the battle of Edington in 878 AD as the backdrop, visitors will explore themes such as warfare, religion, language, food, money, music, trade and games. A parallel educational programme will be developed, creating activities for schools and focussing on literacy through gaming and lifelong learning

- Our arts centres will continue making progress on our pledge to achieve 50% representation of women and gender minorities in our live performance programme by International Women's Day 2023. This will include all-female comedy showcases, music events, theatre performances and workshops
- An options appraisal for the potential redevelopment of Andover Museum and The Museum of the Iron Age will be commissioned. This will include a community consultation to gather feedback and ideas for the museum's future
- Funding has been secured through the Ministry of Justice which will enable us to continue working with HMP Winchester to deliver creative, active and participatory workshop programmes to have a positive effect on prisoners' attitudes, thinking and behaviour
- Our work with and funding from the National Probation Service will continue in 2022-23 to deliver programmes for both women and men on probation
- We will continue to plan for a sustainable and more accessible future for our museum stores and supporting facilities, such as workshops and laboratories. Our programming team will start to develop a project on how we manage our stores and develop our collections so that a move to improved accommodation in the future could be feasible
- We will launch our Equity, Diversity and Inclusion strategy and action plan to support our aim to recruit and retain a diverse workforce that reflects the communities we serve and seek to engage
- We will start our first Management Development Programme in partnership with Cegos, an international leader in professional and continuing education, with 16 managers developing their capability in the areas of self-awareness, resilience, prioritisation, leadership, building trust, high performance, dealing with challenges and presentation skills
- We will continue to lay the foundations for and make progress towards accreditation of our volunteering experience through *Investors in Volunteers*
- 2022-23 will see the launch of our new employer brand identity, which will strengthen our ability to attract and retain talent

Structure, governance and management

Hampshire Cultural Trust was founded jointly by Hampshire County Council (HCC) and Winchester City Council (WCC) and is incorporated as a company limited by guarantee, and is registered with the Charities Commission.

Trustees' Report

The trust is governed in accordance with its Articles of Association for a charitable company (the Articles of Association were last amended by a special resolution on 25 September 2020). Copies can be obtained from the trust's registered address.

The trustees' liability is limited by guarantee. The trust pays for indemnity insurance on behalf of the trustees.

The trust has one wholly-owned trading subsidiary, Hampshire Cultural Trust Trading Limited ("the trading company"). The objective of the trading company is to generate income to support the charitable objectives of the trust. It carries out commercial activities that complement the charitable objectives of the trust. The trading company will pay an amount equal to its distributable reserves each year to the trust under the Gift Aid scheme. The relationship between the charity and the trading company is reviewed annually by the Finance, Investment and Audit Committee and the board of trustees.

Appointment of trustees

Members elected to serve on the board of trustees have a dual role as a trustee of the charity and as a director of the company. There can be no fewer than three, and no more than sixteen trustees. One trustee is appointed by HCC and one trustee is appointed by WCC. The remaining trustees are appointed by the board of trustees and serve for an initial term of up to four years, and a maximum if reappointed, of eight years. To ensure that the board is sufficiently skilled to carry out its responsibilities, it carries out a skills analysis of existing members before new ones are appointed.

As the trust approaches its eight-year anniversary, several founding trustees will soon reach the end of their eight-year term. To develop an effective succession plan and manage the recruitment process, in September 2021, the board of trustees agreed to establish a Nomination Committee. The committee will identify candidates and recommend them for board approval, ensure that there are effective frameworks and process for appointments, ensure plans are in place for succession to both the board, its sub-committees and the Chief Executive position, and oversee the development of a diverse pipeline for succession.

The trustee recruitment, selection and induction process is informed by Charity Commission guidance. As a matter of course, all trustees are provided with relevant publications, such as *The essential trustee: what you need to know, what you need to do* (CC3), in addition to the charity and trading subsidiary's governing documents, trustee role description, policies and procedures relevant to the role. Due diligence is completed, and declarations of eligibility confirmed, as required.

The induction process is led by the Company Secretary, in consultation with the Chair of the board, Chief Executive and Director of People. A trustee handbook, code of conduct and training framework are in the pipeline for 2022-23.

Management and decision making

The board of trustees is the strategic decision-making body of the charity and is responsible for ensuring the charity's objectives are achieved and its plans are implemented. The trust is committed to following the Charity Governance Code's principles and recommended practice, and the Fundraising Regulator's Code of Fundraising Practice.

Trustees' Report

Day to day management of the trust and the trading company is delegated to the Chief Executive in accordance with the trust's Scheme of Delegation, which is reviewed annually by the board.

The board generally meets six times per year to review strategy, operational plans and performance, and to endorse key management decisions. It is helped in its work by trustee-led standing committees – the Finance, Investment and Audit Committee, HR and Remuneration Committee, the Collections Committee and the new Nomination Committee. Each committee's delegated responsibilities are outlined in their terms of reference, which are agreed by the board and regularly reviewed. When exercising any powers or duties to which the guidance is relevant, the trustees confirm that they have complied with the duty in the Charities Act 2011 to have due regard to the commission's public benefit guidance.

Equity, Diversity and Inclusion

Hampshire Cultural Trust is committed to promoting Equity, Diversity and Inclusion (EDI). We believe that a culture that actively values difference and people from different backgrounds and experiences can bring valuable insights to the workplace, enhance the way the organisation performs and the way we work.

In 2021-22, the trust commissioned Charlotte Sweeney OBE to facilitate the board in the development of a new EDI strategy and a review of its policy. Following a full board strategy day in January 2022, two working groups were established: one consisting of members of the board and leadership team, and a staff group to ensure input and collaboration from all areas of the trust. During the following months, both groups worked with Sweeney to develop the strategy, agreeing the overarching strategic goals which are underpinned by four key strategic EDI pillars across the trust: Board, People, Programme and Visitors.

The new strategy was approved by the board in May 2022, with an update of the policy in progress. The strategy sets out our continued aspirations as well as the actions we will take to ensure that EDI is continually embedded throughout all we do. Over the coming year, the trust will continue to implement the short / mid term actions identified in the strategy and lay the foundations for the longer term actions, with progress against the strategy monitored at regular intervals.

Remuneration policies

In examining and awarding executive pay, the trust uses as benchmarks a variety of data sources including publicly advertised vacancies and disclosed information for similar positions within the sector and region. Recruitment to Leadership Team positions is led by the Chief Executive in consultation with the Chairman, in accordance with the trust's Scheme of Delegation. The HR and Remuneration Committee oversees the development of employment related policies across the trust. A review of the trust's reward, recognition and pay procedures will be undertaken in 2022-23.

All members of the board are not remunerated for their role as trustees and have no beneficial interest in the charity or group. Any trustee expenses reclaimed from the charity are set out in the notes to the financial statements.

Trustees' Report

Funds held as custodian Trustee on behalf of others

In accordance with the trust's governing document, the Management and Funding Agreement with both of our founder local authorities (Hampshire County Council and Winchester City Council) the trust is the custodian of historic assets and properties on their behalf. These assets are held separately from those of the trust and are recorded on Modes, a catalogue system. These are detailed in note 27 to the financial statements.

Fundraising standards information

The trustees are committed to an ethical approach to our fundraising activity and have an ethical fundraising policy in place. The trustees are grateful to receive voluntary donations from supporters either via our website or at our venues or via other giving platforms. The trust carefully monitors preferences of our donors and subscribers to ensure that there are no unsolicited fundraising campaigns. The trust is registered with the Fundraising Regulator and abides by the Code of Fundraising Practice. Our fundraising activity is overseen by the Director of Marketing and Fundraising.

Statement of trustees' responsibilities

The trustees (who are also directors of Hampshire Cultural Trust for the purposes of company law) are responsible for preparing the Trustees' Annual 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. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and

Trustees' Report

- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditors

So far as the trustees are aware, there is no relevant audit information of which the company's auditors are unaware. Trustees have taken all the steps necessary to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Small Companies Disclosure

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime in Part 15 of the Companies Act 2006. The trustees confirm that this Report and Financial Statements complies with current statutory requirements, the Statement of Recommended Practice: applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (as amended for accounting periods commencing 1 January 2016) and with the trust's Articles of Association for a Charitable Company.

Approved by the trustees and signed on their behalf by:


.....

AC Lovell

Chairman

Date..... 12/09/22

Independent Auditor's Report to the Members and Trustees of Hampshire Cultural Trust

Opinion

We have audited the financial statements of Hampshire Cultural Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise Consolidated Statement of Activities, Consolidated Balance Sheet, Balance Sheet, Consolidated Cashflow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

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.

Independent Auditor's Report to the Members and Trustees of Hampshire Cultural Trust

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.

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 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 directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient 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 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.

Independent Auditor's Report to the Members and Trustees of Hampshire Cultural Trust

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 21, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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 extent to which our procedures 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 as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- 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 bias and 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 indicators of potential bias.

Independent Auditor's Report to the Members and Trustees of Hampshire Cultural Trust

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. 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.

Azets Audit Services

Zara Hogg FCA (Senior Statutory Auditor)

For and on behalf of Azets Audit Services (Statutory Auditors)

Carnac Place

Cams Hall Estate

Fareham

PO16 8UY

Date: 23 September 2022.

Consolidated Statement of financial activities
(incorporating the income and expenditure account)

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Unrestricted Funds £	Restricted Funds £	Total 2021 £
Income from:							
Grants and donations	2	3,922,676	1,550,651	5,473,327	4,630,887	513,602	5,144,489
Income from charitable activities	3	1,044,104	840	1,044,944	321,785	0	321,785
Income from other trading activities:							
- income of trading company	4	810,268	0	810,268	314,692	0	314,692
Investment income	5	6,384	0	6,384	6,474	0	6,474
Other income	6	371,405	5,421	376,826	174,694	3,333	178,027
Total income		6,154,836	1,556,912	7,711,748	5,448,531	516,935	5,965,467
Expenditure on:							
Cost of raising funds:							
Fundraising and publicity	7	206,604	18,757	225,361	95,425	0	95,425
Expenses of Trading Company	4	475,429	0	475,429	234,702	0	234,702
Expenditure on charitable activities	8	5,438,885	1,487,826	6,926,712	4,748,855	466,675	5,215,530
Total expenditure		6,120,919	1,506,583	7,627,502	5,078,982	466,675	5,545,657
Net income / (expenditure)		33,917	50,329	84,246	369,549	50,261	419,810
Transfer between funds		(90,000)	90,000	0	(82,139)	82,139	0
Net movement in funds		(56,083)	140,329	84,246	287,410	132,400	419,810
Reconciliation of funds:							
Total funds brought forward		1,757,715	588,898	2,346,613	1,470,305	456,498	1,926,803
Total funds carried forward		1,701,632	729,227	2,430,859	1,757,715	588,898	2,346,613

All recognised gains and losses are included in the statement of financial activities.

All transactions are derived from continuing activities.

The notes on pages 31 to 49 form an integral part of these financial statements

**Consolidated Balance Sheet
as at 31 March 2022**

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	11		2		2
Tangible assets	12		313,631		380,409
			<u>313,633</u>		<u>380,411</u>
Current assets					
Stock	14	130,206		110,123	
Debtors	15	966,725		397,813	
Cash at bank and in hand	18	1,866,537		2,068,150	
		<u>2,963,468</u>		<u>2,576,086</u>	
Creditors: amounts falling due within one year	16	<u>(846,242)</u>		<u>(609,884)</u>	
Net current assets			<u>2,117,226</u>		<u>1,966,202</u>
Net assets	19		<u>2,430,859</u>		<u>2,346,613</u>
Funds					
Unrestricted funds:					
General unrestricted funds	19	1,376,632		1,352,715	
Designated funds	21	<u>325,000</u>		<u>405,000</u>	
			1,701,632		1,757,715
Restricted funds	19		<u>729,227</u>		<u>588,898</u>
Total funds			<u>2,430,859</u>		<u>2,346,613</u>

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the board on ^{12 September} ~~12 July~~ 2022 and signed on its behalf by:



AC Lovell
On behalf of the board of trustees

The notes on pages 31 to 49 form an integral part of these financial statements

Trust Balance Sheet
as at 31 March 2022

	Notes	£	2022 £	£	2021 £
Fixed assets					
Intangible assets	11		2		2
Tangible assets	12		237,152		303,294
Investments	13		<u>1,000</u>		<u>1,000</u>
			238,154		304,296
Current assets					
Stock	14	0		0	
Debtors	15	944,363		473,657	
Cash at bank and in hand		<u>1,864,865</u>		<u>2,066,377</u>	
		2,809,228		2,540,034	
Creditors: amounts falling due within one year	16	<u>(952,938)</u>		<u>(588,382)</u>	
Net current assets			<u>1,856,290</u>		<u>1,951,653</u>
Net assets	19		<u><u>2,094,444</u></u>		<u><u>2,255,949</u></u>
Funds					
Unrestricted funds:					
General unrestricted funds	20	1,040,217		1,262,051	
Designated funds	21	<u>325,000</u>		<u>405,000</u>	
			1,365,217		1,667,051
Restricted funds	19		<u>729,227</u>		<u>588,898</u>
Total funds			<u><u>2,094,444</u></u>		<u><u>2,255,949</u></u>

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the board on ^{12 September}~~12 July~~ 2022 and signed on its behalf by:



AC Lovell

On behalf of the board of trustees

The notes on pages 31 to 49 form an integral part of these financial statements

Hampshire Cultural Trust
Company number: 08986225

Consolidated cashflow statement
for the year ended 31 March 2022

	Group 2022 £	Group 2021 £
Notes		
Cash flows from operating activities:		
Net cashflow from operating activities	(135,763)	458,662
Cash flows from investing activities		
Bank interest received	6,384	6,474
Purchase of fixed assets	(72,234)	(233,508)
Cash used in investing activities	<u>(65,850)</u>	<u>(227,034)</u>
 Increase/(decrease) in cash and cash equivalents in the year	 <u>(201,613)</u>	 <u>236,034</u>
Cash and cash equivalents at the beginning of the year	<u>2,068,150</u>	<u>1,832,115</u>
Total cash and cash equivalents at the end of the year	<u>1,866,537</u>	<u>2,068,150</u>

Reconciliation of Changes in Resources to Net Cashflow From Operating Activities

Net income for the year		84,246	419,810
Depreciation	12	139,012	128,521
Investment income and interest received	5	(6,384)	(6,474)
(Increase)/decrease in stock	14	(20,083)	(12,598)
(Increase)/decrease in debtors	15	(568,912)	69,258
Increase/(decrease) in creditors	16	<u>236,358</u>	<u>(139,856)</u>
Net cashflow from operating activities		<u>(135,763)</u>	<u>458,662</u>

Notes to the financial statements
for the year ended 31 March 2022

1 Accounting policies

1.1 Charity information

Hampshire Cultural Trust is a private company limited by guarantee and incorporated in England and Wales. The registered office is Chilcomb House, Chilcomb Lane, Winchester, Hampshire, SO23 8RD.

Hampshire Cultural Trust meets the definition of a public benefit entity under section 34 of FRS102. Assets and liabilities are initially recognised at historical cost of transaction value, unless otherwise stated in the relevant accounting policy.

The principal objectives of the charity are detailed in the Trustees' Report.

1.2 Basis of preparation of financial statements

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) issued on 16th July 2014 (as updated through Update Bulletin 1 published on 2 February 2016 and bulletin 2 published 5 October 2018), the Charities Act 2011, the Companies Act 2006 and UK generally accepted practice as it applies from 1 January 2015.

Consolidated financial statements have been prepared in respect of the charitable company and its wholly owned subsidiary, Hampshire Cultural Trust Trading Limited. The Consolidated Statement of Financial Activities includes the results of Hampshire Cultural Trust Trading Limited as single line items. The consolidated balance sheet includes the net assets of Hampshire Cultural Trust Trading Limited on a line by line basis.

1.3 Income

All incoming resources are included in the statement of financial activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy and it is probable that the income will be received.

Voluntary income and donations are accounted for on receipt.

Income from investments is included in the year in which it is receivable.

Legacies are included when the charity is advised by the personal representative of an estate that payment will be made, or property transferred, and the amount involved can be quantified.

Income from the sale of tickets for courses and tuition, performances and events are recognised in the period in which the event occurs. Associated booking fee income is recognised at the time of the booking.

Admissions and membership income is recognised on receipt.

Income from lettings and room hire is recognised on date of invoice and in advance of date of hire. Deposits are non refundable recognised on receipt.

Notes to the financial statements
for the year ended 31 March 2022

1.4 Grants receivable

Revenue grants are accounted for on receipt, or where they are certain to be received.

1.5 Expenditure

Expenditure is recognised on an accruals basis, as a liability is incurred. Expenditure includes any VAT which is not fully recoverable.

1.6 Basis of allocation

Costs of raising funds relate to those costs incurred in encouraging people and organisations to contribute financially to the trust's work and the expenditure relating to the trading company.

Charitable expenditure includes expenditure associated with Public programmes, Collections, Venues, Business Development and Projects.

1.7 Tangible fixed assets

Depreciation is provided on a straight line basis, at the following annual rates in order to write off each asset over its estimated useful life.

Plant and Machinery	25%
Fixtures and Fittings	25%
Leasehold improvements	10%
Computer Equipment	33.3%

A full year's depreciation is charged in the year of acquisition.

1.8 Stock

Stock relates to items held for resale and is valued at the lower of cost and net realisable value.

1.9 Funds

General funds are unrestricted and are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and have not been designated for other purposes.

Designated funds are determined by the trustees as being unrestricted funds held for specific purposes, and are committed to future spend as agreed at board level.

Restricted funds are to be used for those specified purposes as laid down by the donor. Direct expenditure and associated overheads which meets the criteria is charged to the fund.

Restricted funds for the purchase of fixed assets are credited to restricted income when receivable. Depreciation on the fixed assets purchased with such grants is charged against the related restricted fund.

**Notes to the financial statements
for the year ended 31 March 2022**

1.10 Leased assets

Rentals applicable to operating leases are charged to the Statement of Financial Activities as incurred.

1.11 Financial instruments

The trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial instruments.

Financial instruments are recognised in the trust's balance sheet when the trust becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic Financial Assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of Financial Assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows, discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit and loss.

Derecognition of Financial Assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Notes to the financial statements
for the year ended 31 March 2022

Classification of Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the trust after deducting all of its liabilities.

Basic Financial Liabilities

Basic financial Liabilities including creditors, that are classified as debt, are initially recognised at transactions price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of Financial Liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.12 Termination benefits

The trust recognises a liability for termination benefits at the point where it is committed to making the payments in return for employee redundancy.

1.13 Pension costs

Contributions are made to a defined contribution scheme for those employees who were not employed at the time the trust was formed. These pension costs are charged to the Statement of Financial Activities in the period to which they relate.

Recruitment benefits to employees of the trust, who transferred from Hampshire County Council and Winchester City Council, are provided by the Hampshire County Council administered Local Government Pension Scheme (LGPS). This is a contributory defined benefits scheme.

The Commercial Transfer Agreement (CTA) between Hampshire County Council and Hampshire Cultural Trust states that the Council shall remain liable for the deficit in the fund in respect of benefits accrued up to the transfer date of 1 November 2014. No responsibility for those contributions subsequent to 1 November 2014 has been transferred to the trust, and therefore there is no liability to the trust in respect of this defined benefit pension scheme.

Notes to the financial statements
for the year ended 31 March 2022

1.14 Judgements and key sources of estimation uncertainty

Tangible fixed assets are depreciated over their useful lives, taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into consideration. Residual value assessments consider issues such as future market conditions the remaining life of the asset and projected disposal values. The carrying amount is £313,631 (2021: £380,409).

The trustees consider that there are no other material areas of judgement or estimation uncertainty.

1.15 Going concern

The trustees adopt the going concern basis in preparing the Report of the Trustees and financial statements. This is based on the reasonable expectation, based on forecasts and projections, and taking into account reasonably foreseeable changes in income and expenditure, that the charitable company has adequate resources to continue to operate for the foreseeable future.

The estimates and associated assumptions used are based on historical experience.

1.16 Investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Notes to the financial statements
for the year ended 31 March 2022

2 Grants and donations

In accordance with the Management and Funding Agreements in place, the trust receives annual revenue grants from Hampshire County Council and Winchester City Council to support the delivery of an arts and museums service across Hampshire. During the year the following grants and donations were received:

	Unrestricted funds £	Restricted funds £	2022 Total £	2021 Total £
Hampshire County Council (HCC)	2,272,480	0	2,272,480	2,309,486
Winchester City Council (WCC)	298,144	0	298,144	313,835
	<u>2,570,624</u>	<u>0</u>	<u>2,570,624</u>	<u>2,623,321</u>
Other Local Authority grants:				
Basingstoke and Deane Borough Council	183,600	0	183,600	183,600
Gosport Borough Council	60,000	0	60,000	60,000
Eastleigh Borough Council	40,740	0	40,740	39,096
Bournemouth, Christchurch and Poole Council	100,000	0	100,000	100,000
Rushmoor Borough Council	44,224	0	44,224	44,224
New Forest District Council	15,000	0	15,000	15,000
Bursledon Parish Council	2,000	0	2,000	2,200
	<u>445,564</u>	<u>0</u>	<u>445,564</u>	<u>444,120</u>
Other grants:				
Arts Council England	480,000	581,800	1,061,800	544,800
National Lottery Heritage Fund		52,607	52,607	50,900
Job Retention Scheme	78,217		78,217	638,317
Government Business Grants	214,821		214,821	341,486
HCC - Wessex Dance Academy	62,500		62,500	16,800
Hampshire County Council - WDC transitional funding		43,148	43,148	
Royal Pavilion and Museums Trust		73,891	73,891	67,219
Paul Hamlyn Foundation			-	111,000
Gosport Borough Council & HSHAZ Historic England		332,412	332,412	30,000
Historic England via Gosport Borough Council		46,154	46,154	
Garfield Weston Foundation			-	20,000
South Western Railway		10,000	10,000	10,000
British Museum - Portable Antiquities Scheme		24,785	24,785	29,828
Hampshire Futures		40,683	40,683	35,833
Historic England		31,780	31,780	30,855
Museum Association - Esmée Fairbairn Collections Fund		7,110	7,110	30,737
Youth Endowment Fund			-	28,250
Armed Forces Covenant Fund Trust		7,967	7,967	
HMP Winchester		40,000	40,000	
Art Fund		45,000	45,000	
Foyle Foundation		60,000	60,000	
South Downs National Park Authority		7,500	7,500	
Farnham Maltings - Apprenticeship Funding	13,408		13,408	
Other grants (less than £5,000)	2,108	25,630	27,738	26,332
	<u>851,053</u>	<u>1,430,467</u>	<u>2,281,519</u>	<u>2,012,357</u>
Total grants	<u>3,867,241</u>	<u>1,430,467</u>	<u>5,297,707</u>	<u>5,079,798</u>

**Notes to the financial statements
for the year ended 31 March 2022**

	Unrestricted £	Restricted £	2022 £	2021 £
Other donations:				
Friends of the Willis Museum		10,000	10,000	
Donations towards Wessex Dance Academy		5,000	5,000	
Donations towards the Anglo-Saxon project		55,000	55,000	
Novacyt		25,000	25,000	
Miscellaneous donations (£5,000 and below)	48,320	20,786	69,105	53,615
Regular Donations	7,116	4,398	11,514	11,076
Total donations	55,436	120,184	175,619	64,691
Total grants and donations	3,922,676	1,550,651	5,473,327	5,144,489

£100,886 transferred to Trading in relation to business grants received and Job Retention Scheme receipts.

In respect of the Grants and Donations of £5,473,327 which were received in 2021-22, £3,922,676 related to unrestricted funds and £1,550,651 related to restricted funds.

3 Income from charitable activities

	Unrestricted £	Restricted £	2022 £	2021 £
Admissions	780,653	-	780,653	269,971
Workshops and classes	121,333	840	122,173	51,179
Box office	141,215	-	141,215	12,684
Booking fees	902	-	902	(12,049)
	1,044,104	840	1,044,944	321,785

All income from charitable activities in 2021 were unrestricted.

4 Income and expenditure from trading activities of subsidiaries

The trust has a wholly owned trading subsidiary which is incorporated in the UK. Hampshire Cultural Trust Trading Ltd operates the retail and catering activities of the trust.

The trading company transfers its taxable profits to the trust by way of Gift Aid. A summary of its trading results for the year ended 31 March 2022 is shown below. Financial statements have been filed with Companies House.

Notes to the financial statements
for the year ended 31 March 2022

	2022 £	2021 £
<u>Profit and loss account</u>		
Turnover	709,381	160,225
Cost of sales	(342,426)	(97,695)
Gross Profit	366,955	62,530
Administrative expenses	(133,002)	(137,007)
Other operating income	100,886	154,467
Operating profit and profit before taxation	334,839	79,989
Tax on profit	0	0
Profit for the financial year	334,839	79,989
Amount gifted to Hampshire Cultural Trust	(89,091)	(336,071)
Retained profit for the period	245,748	(256,082)
Retained profit brought forward	90,665	346,746
Retained profit carried forward	336,413	90,665

Balance sheet

Assets	400,238	196,758
Liabilities	(62,825)	(105,093)
Net assets	337,413	91,665
Called up ordinary share capital	1,000	1,000
Profit and loss account	336,413	90,665
Capital and reserves	337,413	91,665

5 Investment income

	2022 £	2021 £
Investment income	6,384	6,474

All investment income in both 2022 and 2021 is unrestricted.

Notes to the financial statements
for the year ended 31 March 2022

6 Other income

	2022	2021
	£	£
Collections and conservation income	2,083	7,722
Trails	14,183	14,500
Events and hire	86,256	8,564
Gift Aid and other tax reliefs	139,815	136,937
Other	134,490	10,303
	<u>376,826</u>	<u>178,027</u>

Included within Gift Aid and other tax relief, is £5,421 which relates to restricted income from Gift Aid. £3,333 of other income in 2021 was unrestricted.

7 Fundraising and publicity

Unrestricted funds	Restricted funds	2022 Total	2021 Total
£	£	£	£
206,604	18,757	225,361	95,425

Fundraising and publicity costs were wholly unrestricted in the prior year. Fundraising and publicity costs include the cost of marketing the programme of events across the venues.

8 Costs of charitable activities

	Unrestricted funds	Restricted funds	2022 Total	Unrestricted funds	Restricted funds	2021 Total
	£	£	£	£	£	£
Public programmes	126,198		126,198	79,862	0	79,862
Collections	484,025		484,025	466,943	0	466,943
Venues	2,960,715		2,960,715	2,526,196	0	2,526,196
Business development	1,800,069		1,800,069	1,596,932	0	1,596,932
Projects	67,878	1,487,826	1,555,704	78,922	466,675	545,597
	<u>5,438,885</u>	<u>1,487,826</u>	<u>6,926,712</u>	<u>4,748,855</u>	<u>466,675</u>	<u>5,215,530</u>

Business Development includes the costs of central functions such as marketing, finance, HR and IT, in addition to the leadership team.

Projects include the costs of the trust's social impact programmes, major museum refurbishment and planning for future cultural investments.

Notes to the financial statements
for the year ended 31 March 2022

9 Auditors' remuneration

	2022 £	2021 £
Audit fees - Trust	8,500	10,800
Audit fees - Trading subsidiary	3,550	3,550

10 Employees

	2022 £	2021 £
Employment costs		
Wages and salaries	3,633,235	3,314,801
Redundancy payments	-	7,505
Social security costs	303,316	266,606
Pension costs	328,017	323,983
	<u>4,264,568</u>	<u>3,912,896</u>

Key management personnel

Employee benefits received by key management personnel during the year totalled £651,486 (2021: £612,367).

The leadership team includes the Chief Executive, Head of Finance, Head of People, Director of Marketing and Fundraising, Head of Programming, Head of Destination Winchester, Head of Community, Head of Culture Hubs and Museum Director.

Higher paid employees

The number of employees who earned more than £60,000 (excluding employer pension costs) were as follows:

	2022	2021
£60,001 to £70,000	0	0
£70,001 to £80,000	1	1
£80,001 to £90,000	0	0
£90,001 to £100,000	0	0
£100,001 to £110,000	0	1
£110,001 to £120,000	<u>1</u>	<u>0</u>

There are no higher paid employees accruing defined pension benefits during the year.

Employer contributions to a defined contribution scheme for employees who earned over £60,000 was £14,300 (2021: £13,596).

**Notes to the financial statements
for the year ended 31 March 2022**

Number of employees

The average number of employees during the year was as follows:

	2022	2021
Cost of generating funds	3	3
Charitable expenditure	186	211
	<u>189</u>	<u>214</u>

Trustees' Remuneration

No trustees have received any remuneration in either year for their services to the trust.

No expenses have been reimbursed to any trustees in the year.

Notes to the financial statements
for the year ended 31 March 2022

11 Intangible fixed assets

	2022 £	2021 £
Cost at 1 April and 31 March	2	2

12 Tangible fixed assets

Group

	Plant & machinery £	Computer equipment £	Fixtures & fittings £	Leasehold improve- ments £	Total £
Cost					
At 1 April 2021	22,542	51,362	354,013	166,862	594,778
Additions	17,949	10,108	44,177	-	72,234
Disposals	0	0	0	0	0
At 31 March 2022	40,491	61,470	398,190	166,862	667,012
Depreciation					
At 1 April 2021	11,271	31,215	139,440	32,442	214,369
Charge for the year	10,123	20,489	91,714	16,686	139,012
Eliminated on disposal	0	0	0	0	0
At 31 March 2022	21,395	51,704	231,154	49,128	353,381
Net book value					
At 31 March 2022	19,096	9,765	167,036	117,734	313,631
At 31 March 2021	11,270	20,146	214,573	134,420	380,409

	Plant & machinery £	Computer equipment £	Fixtures & fittings £	Leasehold improve- ments £	Total £
Cost					
At 1 April 2021	7,661	49,773	316,250	84,451	458,134
Additions	-	10,108	44,177	-	54,285
Disposals	0	0	0	0	0
At 31 March 2022	7,661	59,881	360,427	84,451	512,419
Depreciation					
At 1 April 2021	3,830	30,156	104,893	15,960	154,840
Charge for the year	1,915	19,960	90,107	8,445	120,427
Eliminated on disposal	0	0	0	0	0
At 31 March 2022	5,746	50,116	195,000	24,405	275,267
Net book value					
At 31 March 2022	1,915	9,764	165,427	60,046	237,152
At 31 March 2021	3,830	19,616	211,357	68,490	303,294

13 Fixed asset investments

<u>Trust</u>	Total £
Market value or cost at 1 April 2021 and 31 March 2022	1,000
Historical cost at 1 April 2021 and 31 March 2022	1,000

Fixed asset investments are unlisted investments, representing 100% of the issued share capital of Hampshire Cultural Trust Trading Limited, a company registered in England and Wales. The company registration number is 09257219.

Notes to the financial statements
for the year ended 31 March 2022

14 Stock

	Trust £	2022 Group £	Trust £	2021 Group £
Goods for resale	0	130,206	0	110,123

Stock is valued at the lower of cost and net realisable value, after making provisions for obsolete and slow moving items.

15 Debtors

	Trust £	2022 Group £	Trust £	2021 Group £
Amounts due within 1 year:				
Trade debtors	175,675	192,048	37,776	42,521
Prepayments and accrued income	674,083	675,908	352,790	354,357
Other debtors	94,606	98,769	0	934
Intercompany account	0	0	83,092	0
	944,363	966,725	473,657	397,813

16 Creditors (amounts falling due within one year)

	Trust £	2022 Group £	Trust £	2021 Group £
Trade creditors	205,780	248,464	106,135	116,896
Tax and social security	67,244	68,623	77,547	77,547
Other creditors	406,714	413,123	250,009	254,995
Accruals and deferred income	103,681	116,032	154,691	160,446
Intercompany account	169,520	0	0	0
	952,938	846,242	588,382	609,884

17 Deferred income reconciliation

	Trust £	2022 Group £	Trust £	2021 Group £
Balance brought forward	60,247	60,247	60,474	60,474
Amount released to the SoFA	(60,247)	(60,247)	(26,174)	(26,174)
Amount deferred in the year	88,706	88,706	25,947	25,947
Balance carried forward	88,706	88,706	60,247	60,247

Deferred income includes sales of tickets, prior to the balance sheet date, for events due to take place after the balance sheet date, and vouchers, issued prior to the balance sheet date, which remain unredeemed at that date.

Notes to the financial statements
for the year ended 31 March 2022

18 Analysis of changes in net debt

	2022	Cashflow	2021
Group			
Cash	1,866,537	(201,613)	2,068,150
Total	<u>1,866,537</u>	<u>(201,613)</u>	<u>2,068,150</u>

19 Analysis of net assets between funds

Group

Fund balances at 31 March are represented by:

	Unrestricted funds £	Restricted funds £	2022 Total £	Unrestricted funds £	Restricted funds £	2021 Total £
Intangible fixed assets	2	0	2	2	0	2
Tangible fixed assets	185,038	128,593	313,631	251,959	128,450	380,409
Current assets	2,362,834	600,634	2,963,468	2,115,638	460,448	2,576,086
Current liabilities	(846,242)	0	(846,242)	(609,884)	0	(609,884)
	<u>1,701,632</u>	<u>729,227</u>	<u>2,430,859</u>	<u>1,757,715</u>	<u>588,898</u>	<u>2,346,613</u>

Trust

Fund balances at 31 March are represented by:

	Unrestricted funds £	Restricted funds £	2022 Total £	Unrestricted funds £	Restricted funds £	2021 Total £
Intangible fixed assets	2	-	2	2	-	2
Tangible fixed assets	108,559	128,593	237,152	174,844	128,450	303,294
Investment assets	1,000	-	1,000	1,000	-	1,000
Current assets	2,208,594	600,634	2,809,228	2,079,586	460,448	2,540,034
Current liabilities	(952,938)	0	(952,938)	(588,382)	0	(588,382)
	<u>1,365,217</u>	<u>729,227</u>	<u>2,094,444</u>	<u>1,667,050</u>	<u>588,898</u>	<u>2,255,949</u>

Included within Unrestricted funds above, are Designated funds of £325k held as current assets (see note 21).

Notes to the financial statements
for the year ended 31 March 2022

20 Funds

Restricted Funds	01-Apr-21	Incoming YTD	Outgoing YTD	Transfers	31-Mar-22
	£	£	£	£	£
Arts Council England					
Arts Council England - DFE Museums and schools	36,430	64,800	71,967		29,263
Arts Council England - Connecting Conversations	3,647				3,647
Arts Council England - Gosport Redevelopment		90,000	90,000		-
Arts Council England - via Royal Pavilion & Museums Trust	(131)	75,891	75,196		563
Arts Council England - Outdoor Arts		15,000	12,772		2,228
Arts Council England - Anglo-Saxon Winchester		50,000	49,134		866
Arts Council England via HCC - WDC redevelopment		42,500	42,500		-
Arts Council England - CRF Sustainability Grant		319,500	145,353		174,147
National Heritage Lottery Fund					-
National Heritage Lottery Fund - Still Curious	6,565		192		6,373
National Heritage Lottery Fund - Culture:impact	9,104	(3,012)	6,092		-
National Heritage Lottery Fund - ICE Heritage		49,950	9,114		40,836
National Heritage Lottery Fund - Forest Arts		2,657			2,657
National Heritage Lottery Fund - Industrious Minds	16,662		2,775		13,886
Other Grant Funding					-
Simpson Teddy Bear Legacy	88,916		90,283		58,633
Hampshire County Council - WDC Lighting Grant	7,518		7,518		-
Hampshire County Council - WDC redevelopment		43,148	43,148		-
Art Fund		45,000	45,000		-
The Foyle Foundation		60,000	60,000		-
Gosport Borough Council & HSHAZ Historic England - Gosport Redevelopment		332,412	332,412		-
Paul Hamlyn Foundation	139,718		54,900		84,818
British Museum - Portable Antiquities Scheme	6,995	24,785	20,984		10,795
Sport England Lottery Award (previously This Girl Can Community Fund)	6,700		4,299		2,401
Youth Endowment Fund	1,282				1,282
South Downs National Park Authority		7,500			7,500
Armed Forces Covenant Fund	19,939	7,967	10,487		17,419
South Western Railway	3,887	10,000	13,205		682
Historic England via Gosport Borough Council - Cultural Consortium		46,154	19,146		27,008
Winchester City Council	7,277				7,277
Museum Association - Esmee Fairbairn Collections Fund	24,740	7,110	18,338		13,512
Historic England - Inc WCC Publication reserve	6,825	31,780	21,617		16,987
Hampshire Achieves (previously Hampshire Futures)	17,558	33,183	31,747		18,994
Hampshire and IOW CRC	6,039	7,500	7,507		6,032
HMP Winchester	5,000	40,000	17,336		27,664
Friends of Gosport Museum	24,271		24,271		0
Gosport Borough Council	50,000		103,695	80,000	26,305
Friends of Aldershot Military Museum/TAG Rushmoor	13,542		5,003		8,539
HCC Contribution to the toilet refurbishment	17,006		1,859		15,147
HCC /HCT Partnership refurbishment of the Arc			9,098	10,000	902
Other grant funding (below £5,000)	19,179	26,542	23,280		22,542
Donations					-
Donations towards Wessex Dance Academy (David Collinson & De Laszlo Foundation)	11,250	5,000	1,250		15,000
Donations towards the Anglo-Saxon project (O'Sullivan & Sellingman)	15,000	55,000	70,000		-
Novacyt		25,000	1,810		23,190
Friends of the Willis Museum		10,000			10,000
Donations (below £5,000)	23,979	31,445	23,294		32,130
Total	588,898	1,556,912	1,506,583	90,000	729,226

Notes to the financial statements
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Comparative Information for restrictive funds:

Restricted Funds	01-Apr-20	Incoming YTD	Outgoing YTD	Transfers	31-Mar-21
	£	£	£	£	£
Arts Council England					
Arts Council England - Reaching Out	27,760	64,800	56,129	0	36,430
Arts Council England - Connecting Conversations	4,047	0	400	0	3,647
Arts Council England - SEMDP via BHBC now Royal Pavilion and Museums Trust	(4)	67,219	67,346	0	(131)
National Heritage Lottery Fund					
NLHF - Still Curious	21,879	2,500	17,813	0	6,565
NLHF - Culture: Impact	28,600	0	19,496	0	9,104
NLHF - Industrious Minds	17,100	0	438	0	16,662
Other Grant Funding					
Simpson Teddy Bear Legacy	90,000	0	36,877	35,793	88,916
WDC Lighting Grant	22,782	0	15,264	0	7,518
Paul Hamlyn Foundation	73,038	111,000	44,320	0	139,718
Garfield Weston Foundation	0	20,000	20,000	0	0
British Museum - Portable Antiquities Scheme	1,082	29,828	23,915	0	6,995
This Girl Can Community Fund	0	6,700	0	0	6,700
Youth Endowment Fund	0	28,250	26,968	0	1,282
Armed Forces Covenant Fund	18,100	3,435	4,096	2,500	19,939
South Western Railway	0	10,000	6,113	0	3,887
Artsworld Ltd	5,002	0	5,002	0	0
Winchester City Council	7,277	0	0	0	7,277
Museums Association - Esmée Fairbairn Collections Fund	13,690	30,737	19,687	0	24,740
Historic England	4,452	30,855	28,482	0	6,825
Hampshire Futures	3,240	37,300	22,982	0	17,558
Friends of Gosport Museum	29,014	0	4,744	0	24,271
Gosport Borough Council	0	30,000	0	20,000	50,000
Friends of Aldershot Military Museum/TAG Rushmoor	15,000	0	1,458	0	13,542
HCC Contribution to toilet refurbishment	20,536	0	3,530	0	17,006
Hampshire and IOW CRC	9,095	0	5,556	2,500	6,039
HMP YOI Winchester	10,000	0	5,000	0	5,000
Other funding (below £5,000)	13,493	18,679	12,993	0	19,179
Donations	21,315	25,633	18,065	21,346	50,229
Total	456,498	516,936	466,674	82,139	588,898

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Funder	Project	Details
Arts Council England	Reaching Out!	Project working with North Hampshire schools to increase museum engagement
Arts Council England	Connecting Conversations	Research project on cultural engagement in Rushmoor
Arts Council England	Gosport Redevelopment	Support received to support the redevelopment of the Gosport Museum and Art Gallery
Arts Council England	SEMDP	South East Museum Development Programme
Arts Council England	Outdoor Arts	3 pilot projects to catalyse new relationships between communities and artists.
Arts Council England	Anglo Saxon Winchester	Support received towards the Anglo Saxon Experience
Arts Council England	The Arc redevelopment	Support received to support the redevelopment of the Arc Winchester
Arts Council England	CRF Sustainability Grant	Cultural Recovery Fund Sustainability Grant
National Heritage Lottery Fund - Still Curious	Still Curious	Dementia friendly heritage programme at Red House Museum
National Heritage Lottery Fund - Culture Impact	Culture:Impact	Project developing impact framework and community development toolkit
National Heritage Lottery Fund - ICE Heritage	ICE Heritage	Arts intervention programme working in partnership with Hampshire CAMHS
National Heritage Lottery Fund - Industrious Minds	Industrious Minds	A project working with young people from the Eastleigh to engage with the industrial heritage of the town.
Simpson Teddy Bear Legacy	Simpson Teddy Bear Legacy	Funds remaining relating to the capital investment in the Teddy Bear Museum.
WDC Lighting Grant	The Arc redevelopment	Transfer from HCC - WDC Lighting
Hampshire County Council - WDC redevelopment	The Arc redevelopment	Support received to support the redevelopment of the Arc Winchester
Art Fund	Anglo Saxon Winchester	Support received towards the Anglo Saxon Exhibition
The Foyle Foundation	Gosport Redevelopment	Support received to support the redevelopment of the Gosport Museum and Art Gallery
Gosport Borough Council & HSHAZ Historic England	Gosport Redevelopment	The HSHAZ is a funded scheme administered by Historic England, focused on driving regeneration in the high street.
Paul Hamlyn Foundation	Horizon 20:20	Funded programme working with seven education centres across Hampshire
British Museum - Portable Antiquities Scheme	Portable Antiquities Scheme	Identification and recording of metal detecting finds made in Hampshire
Sport England Lottery Award	Still Going	This project will deliver a 16 week programme of exercise and fitness for inactive women aged 60 plus.
Armed Forces Covenant Fund	Creative Wellbeing: Military Heritage	The project is aimed at veterans who have received clinical treatment for PTSD, offering a safe, non-clinical, community space for continued recovery, once discharged
South Downs National Park Authority	Project Thrive!	Project Thrive! is a pilot project to engage hard-to-reach young people with the natural world to support mental health and wellbeing;
Armed Forces Covenant Fund	The Resilience Garden	'The Resilience Garden' project will engage men from both the Armed Forces and civilian communities to design, create and maintain a community garden at Aldershot Military Museum.
South Western Railway	Eastleigh Connection	Options appraisal to look at the future potential of Eastleigh Museum
South Western Railway	Historic England via Gosport Borough Council	HCT is the lead partner for the Gosport Cultural Consortium, tasked with developing and delivering a programme of events and activities to animate the high street. This is a three year programme that aims to: Create earning and employment opportunities for local residents, stimulate broader participation in the sector and support the delivery of the HSHAZ programme
South Western Railway	WCC Object Acquisitions	This is a new restricted reserve for WCC object acquisitions
South Western Railway	On The Move!	Supporting volunteers to help better manage the industrial heritage collections
South Western Railway	Winchester Publication Series	Publish the archaeological investigations of the WCC Unit in 1970s and 1980s
South Western Railway	Brighter Futures	Programme of courses for adults with mental health issues
South Western Railway	Creating Change	Programme working with women on probation
South Western Railway	HMP Winchester	At HMP Winchester HCT work with BearFace Theatre CIC, to deliver creative, active and participatory workshop programmes to positively affect prisoners' attitudes, thinking and behaviour.
South Western Railway	Gosport Venue Investment	Support received to support the redevelopment of the Gosport Museum and Art Gallery
South Western Railway	Willis Museum	Support received towards updating the presentation of the story of Basingstoke at the Willis Museum
South Western Railway	Gosport Venue Investment	Support received to support the redevelopment of the Gosport Museum and Art Gallery
South Western Railway	Aldershot Venue Investment	TAG funding towards the play trail at Aldershot Military Museum - Capital Asset
South Western Railway	Milestones Venue Investment	Support received to support the refurbishment of the toilets at Milestones Museum - Capital Asset

Notes to the financial statements
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21	Designated Funds	2022	2021
		£	£
	Gosport venue investment	0	80,000
	WDC Capital Works	0	50,000
	Winchester Anglo-Saxon experience	325,000	275,000
		325,000	405,000

Where the trustees have agreed at board level to commit to expenditure from unrestricted funds, these monies have been designated so as to distinguish from funds held for core operating activities.

The trustees designated £80,000 of funds towards the redevelopment of Gosport Old Grammar School. These funds have been used through 2021-22.

The board committed to invest in the refurbishment of the Winchester Discovery Centre as HCT took on all cultural aspects and operational management of the building in February 2022.

The board has committed to invest in the development of a new exhibition in Winchester. Working in partnership with virtual and augmented reality specialists, the new attraction is due to open later in 2022.

22 Commitments and contingent liabilities

Neither the trust nor the group had any capital commitments or contingent liabilities at 31 March 2022 (2021: nil).

23 Operating leases

The trust has operating lease commitments in respect of the properties it manages and operates from.

The museum and arts centres, and also the central office spaces are leased from the founding members and other local authorities, as agreed in the Management Funding Agreement. The lease terms are for 35 years and a peppercorn rent is payable. There are 29 years remaining at the balance sheet date.

Notes to the financial statements
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24 Related party transactions

Grant funding received from Hampshire Country Council and Winchester City Council has been detailed in note 2 and note 20.

Other transactions with the Local Authorities are deemed to be normal business transactions and no separate disclosure is required.

25 Taxation

All of the trust's income is applied for charitable purposes and is therefore exempt from corporation tax. The trust's trading subsidiary had a corporation tax liability of £nil at 31 March 2022 (2021: nil).

26 Ultimate controlling party

The ultimate controlling party is the board of trustees.

27 Funds held as custodian trustee on behalf of others

The trust is the custodian of a number of properties (museums and arts centres) and historic assets which are held on behalf of our founding members, Hampshire County Council and Winchester City Council. These assets are held separately from the trust's assets and are fully catalogued with Modes.

Hampshire County Council Collections

In 2021-22, a total of 42 acquisitions, either individual objects or associated groups of objects, were made to the Hampshire County Council museum collections as follows:

20x Social History, Community and Decorative art – including the Broadlands locomotive nameplate and the Verda Gosport ferry nameplate.

3x Photographs – including a 1944 photograph of the Basingstoke Home Guard.

1x Historic Costume – Esso Fawley working uniform

18x Archaeology – including a silver Anglo-Saxon strap end with runic inscription from Kings Somborne.

The majority of acquisitions were made as gifts to the council at no cost. Ten items were purchased, archaeological items acquired through the Treasure process, worth £2,560.00 in total.

In addition, the collection accepted the archaeological archives of 40 archaeological excavations into the collection in accordance with the planning process. 24 of these contained finds and paper records, 16 just paper records.

We disposed of four agricultural vehicles and a set of three WWI medals from the accessioned collections.

Winchester City Council Collections

In 2021-22, a total of 16 acquisitions were made to the Winchester City Council museum collections as follow:

3x Local art – including a print of Wolvesey Castle, Winchester.

3x Local History – including a Winchester Air Raid Precautions ID card.

10x Archaeology – including a pierced late Roman silver coin from Bishops Sutton.

The majority of items were made as gifts to the council at no cost. Only three items were acquired by purchase, worth £189.50.

In addition, the collection accepted the archaeological archives of 17 archaeological excavations into the collection in accordance with the planning process. Ten of these contained finds and paper records, seven just paper records.

No objects were disposed from the accessioned collection during the year.