

Registered Company number 02182687 (England & Wales)
Registered Charity Number 519521

THE SILK HERITAGE TRUST
LINKED REPORT AND ACCOUNTS FOR THE YEAR ENDED
31ST MARCH 2021

HEYWOOD SHEPHERD
CHARTERED ACCOUNTANTS

THE SILK HERITAGE TRUST

Financial Statements for the year ended 31 March 2021

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Legal and Administrative Information

Company Name

The Silk Heritage Trust

Registered Office

The Heritage Centre
Roe Street
Macclesfield
Cheshire SK11 6UT

Registered Charity

No 519 521

Company Registration

No 2182687

Governing Document

Articles of Association

Directors and Trustees

Mr John Varney (Chair)
Mr Nicholas Hynes
Mr Roy Pownall
Ms Catherine Dewar
Miss Dominique Roberts (resigned 3 November 2020)
Cllr Lesley Smetham
Cllr Janet Jackson (Friends of Macclesfield Silk Heritage nominee)
Ms Hannah Williamson
Mr Anthony Davison (resigned 1 April 2020)
Mr David Shatwell
Cllr Elizabeth Braithwaite
Mr P Cole (Appointed 7 May 2021)

Museum Director (Interim)

Emma Anderson

Company Secretary

Emma Anderson

Independent Examiners

Heywood Shepherd
Chartered Accountants & Registered Auditors
1 Park Street
Macclesfield
Cheshire SK11 6SR

Payroll Consultants

Heywood Shepherd

Bankers

The Co-operative Bank
1 Balloon Street
Manchester M60 4EP

Royal Bank of Scotland
56 Chestergate
Macclesfield SK11 6BA

National Westminster Bank
PO Box 65
2 Chestergate
Macclesfield Sk11 6BA

The full name of the Charity is the Silk Heritage Trust. Its registered office and principal operating address is The Heritage Centre, Roe Street, Macclesfield, Cheshire, SK11 6UT.

Constitution

The Company (The Trust) was incorporated on 23 October 1987 and is limited by guarantee with charitable status, and accordingly no distributions are allowed. The Trust, formerly known as the Macclesfield Museums Trust, was granted a uniting direction on 10 December 2008 which had the effect of uniting the Macclesfield Museums Trust with the Silk Heritage Trust Endowed Charity, formerly the Macclesfield Sunday School Heritage Centre Trust. A new body of trustees was formed which also serves corporately as the Trustees for the Endowed Charity.

The Trust is governed by the Articles of Association dated 10th September 2012, which replaced the Memorandum and Articles dated 10th December 2008.

The Board of Trustees shall consist of no less than **nine** and not more than **eighteen** members, unless the Members pass a Special Resolution to change these numbers. The Trustees have the power to appoint any person to be a Trustee, but the total number of Trustees shall not exceed the maximum of eighteen.

The Trustees, who are also Directors under Company law, who served during the year and subsequently are shown on page 1. None of the Trustees have any financial interest in the Company.

Trustee Induction and Training

New Trustees are given an Induction Pack which contains a briefing on their legal obligations under Charity and Company law, the Articles of Association, the committee and decision-making processes, the Business Plan and recent financial performance of the Company. Familiarisation visits are arranged, and Trustee training events are held, as necessary, to facilitate the undertaking of their role.

Organisation

The Board of Trustees administers the Charity. A Museum Director is appointed by the Trustees to manage the day to day operations of the Charity. The Board meets four times per annum, and the following sub-committees meet as shown:

Property Committee

Meets six times per annum and acts as a review and advisory committee to the Board in the areas of commercialisation, development, maintenance and management of the Trust's property portfolio; including managing risk, strategy, planning and major projects.

Objectives and Activities

The objects of the Trust are stated in the Memorandum and Articles as (1) the advancement of the education of the public by the provision of museum and ancillary facilities; and (2) and any other charitable purpose for the benefit of the public.

Financial Review

In this period the Silk Heritage Trust has made a surplus of £51,725. Operationally the Silk Heritage Trust made a surplus of £61,444 and the Heritage Centre Trust made a deficit of £12,712. The Silk Heritage Trust fulfilled many restricted responsibilities resulting in net income of £2,993 increasing restricted funds carried forward to £52,889.

Priorities for the Trust going forward are to create a sustainable balance sheet with net reserves which will provide operational stability. The Balance Sheet is getting stronger through careful cost management and a proactive approach to diversifying income.

Principal Risks and Uncertainties

The Trustees have reviewed the major risks to which the Charity is exposed, particularly those related to the operations and finances of the Trust. The Trustees have given consideration to the appropriate policies, procedures and systems to mitigate the Charity's exposure to the major risks. The principal financial risk facing the Charity is the ability to generate sufficient income from charitable activities and external funding to cover expenditure incurred in fulfilling the objectives of the Charity.

Investment Powers and Policy

The Articles of Association of the Charity permit the Trustees to invest the moneys of the Company not immediately required for its objects in or upon such investments, securities or property as be thought fit.

The Trust's investments are currently restricted to UK banks and government bonds.

Reserves Policy

The Trustees aspire to retain three month's operating costs in reserve. As at 31st March 2021, the Charity's free reserves, as defined as unrestricted funds not represented by fixed assets had reached this amount.

Achievements and Performance

Our work during 2020-2021 built on the transformation programme the Trust had begun two years previously. The Trustees had previously been pleased to report that the Trust was financially viable due to steps taken in recent years to strengthen robustness through reducing outgoings & diversifying income streams.

This put us in a strong position in our immediate response to the pandemic, nonetheless the sudden loss of key income streams meant that we had to address the shortfall through a significant reduction in expenditure – stripping operations down to essentials and cutting back expenditure. Although all buildings were closed to visitors, staff remained working behind the scenes, consistent with Covid protection provisions, during the first lockdown and this was an opportunity to undertake valuable work in our buildings and with our collections.

The Old Sunday School remained open throughout for partners providing essential services for vulnerable people. As far as possible, we enabled this by opting to spend a significant proportion of reserves to replace and repair the windows, allowing better ventilation and a safer working environment.

The operations of our key partner Cinemac were hit particularly hard, not only by enforced closure, followed by reduced audiences but by the halting of film production globally and this has had a consequential effect on our finances.

The Silk Museum closed for most of the year, except for a brief opening period between September – November 2020, when we welcomed back visitors through pre-booked visits for small groups. Paradise Mill was closed for the entire year because social distancing was impossible to implement in this complex, heritage environment and because our elderly guides were shielding.

The limitations of West Park Museum building, in its restricted access and air flow, have meant that it has not been possible to open this to the public.

Governance

John Varney and Catherine Dewar were re-elected at the AGM as Chair and Vice-Chair respectively for a further term. Antony Davidson resigned as a Trustee due to conflicting pressures on his time; his expertise in formal education had been extremely valuable to the Trust.

The Trust focussed on managing its responsibilities for the wellbeing and safety of staff and visitors in line with all Government guidelines. The Trust has regularly monitored cash flow. A dedicated Risk Assessment Sub-group of Trustees and staff reviewed the changing public health context to adapt operations, control financial risk and ensure safety at all times during the various phases of the pandemic.

The Trust is grateful to our President, David Rutley, MP, for his support for our work, our development plans and recognition of the Trust's key role in the town's recovery. During the

period, and thanks to available grant funding, the Trust to bring in external expertise to collaborate with Trustees and the Director in addressing key issues of its role and responsibilities for its buildings, collections and audiences.

Financial management

Management and monitoring of the Trust's financial position has been challenging through this period, due to the impact of lost income streams. We are very grateful to our Accountants Heywood Shepherd for guidance and support in funding applications.

The Trust would have been in a more difficult position were it not for Government support delivered through grants to businesses from Cheshire East and through the furlough scheme which the Trust benefitted from during the second lockdown from November 2020 onwards. Staff were on full or partial furlough from November until the beginning of April 2021 and this has avoided the need for a more drastic approach.

Despite no dedicated fundraising capacity, the Director and staff worked extremely hard to secure grant funding from a wide range of sources in order to survive this financial year, protect our nationally significant collections and serve our audiences. The following grants were secured:

Arts Council England: Emergency Funding and Cultural Recovery Funding to support the Trust's operations

National Heritage Lottery Fund: Emergency Fund towards Silk Museum reopening

Historic England: for repairs to the Old Sunday School's windows which had become vital in ensuring a safe air flow for all building users

Architectural Heritage Fund: Project Viability grant to explore a viable new business and operational model for the Old Sunday School; Project Development grant to support a transformational vision for the Silk Museum and Paradise Mill to inform its long-term role in the town and in Cheshire as a major heritage attraction

Community and Arts smaller funders: Support for creative programmes with vulnerable older people; & new models for our Schools' offer

The Trust also diversified its fundraising by launching on-line donations, bookings and benefitting from small bequests

New relationships

The pandemic highlighted the strength and value of our relationship with Cheshire East Council. The Trust remains grateful for the ongoing revenue funding, plus additional funding streams that have allowed us to extend our work to reach communities. Grants from CEC and Cheshire Community Fund supported the production of Art Packs inspired by our *Have a Dabble* programme. These packs ensured that vulnerable older people could continue to enjoy creative activities, and this impacted on their wellbeing; the packs were also distributed more widely through *Macclesfield Live Well at Home*, and *Macclesfield SMILE*.

The Friends of Macclesfield Silk Heritage have remained an important source of support for the museum. The pandemic hit the Friends hard due to its elderly membership and the cancellation of all its in-person events. Nonetheless we have collaborated to develop an

ambitious programme of online talks, which have raised the profile of our collections and reached new, international audiences as well as creating a new income stream from donations. The Friends gave significant support to the Museum from their limited reserves, the expansion of our Curator's work on the Fashion & Textiles collections, and the Curatorial Assistant's research into the Ancient Egyptian collections.

We were thrilled that the Silk Museum received the Textiles' Society's Museum Award. This vote of confidence in such challenging times, has helped drive our new model of conservation – research – engagement that is informing the development of our collections. This enabled us to extend the Conservator in Residence funded through the Association of Independent Museums and focus on our Macclesfield Stripe textiles collections.

New Ways of Working

From the beginning of lockdown, we worked hard to maintain relationships with audiences: - adult visitors, families school partners and their communities, so that everyone could develop and express creativity. We developed a blog of activities tied to our collections on our website and shared through our social media channels.

We have continued our vision for Macclesfield Museums as the place to capture history in the making, and grant funding from the Arts Council, enabled us to work with LIT (Macclesfield's literature festival) to encourage creative writing amongst local communities.

Our relationships with schools had to be completely reimagined because of the pandemic. Funding from Museum Development North West supported a partnership with Nantwich Museum, which has helped develop Virtual Visit local history packages for local schools to enhance existing relationships and reach new audiences. Our schools' programme has delivered a successful programme of Loan Boxes and Virtual Visits which will continue to inform our work post-pandemic.

The Trust was delighted to be able to develop its relationship with Project Inc, by creating new studio spaces in the Old Sunday School for teaching art to vulnerable young people. Continuing these activities during the pandemic were a lifeline for many of these students.

The Trust has been able to develop new partnerships during lockdown. A partnership is being developed with Scoop & Scales, a social enterprise food co-operative operating from the Old Sunday School, and this has helped evaluate our vision for the repurposing building.

On behalf of the Board of Trustees, I would like to extend our enormous thanks to the Director, Emma Anderson, and her team at the museums. Without their dedication, drive and determination to ensure our Museums not only survive, but thrive during the uncertainty of the pandemic, we would not now be in a position of being able to consider an exciting, vibrant future for our buildings and collections.

Statement of Trustees' Responsibilities

The Trustees (who are also Directors of the Charity for the purposes of Company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charitable Company, and 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
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity Company will continue in business.

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.

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.

This report has been prepared in accordance with the Special Provisions of part 15 of the Companies Act 2006 relating to small companies.

The Trustees' Report was approved by the Board and signed on its behalf by:

John Varney
Chair, Silk Heritage Trust
Date : 20th January 2022

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE SILK HERITAGE TRUST
Linked Financial Statements for the year ended 31 March 2021**

Opinion

We have audited the financial statements of the Silk Heritage Trust for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its result, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE SILK HERITAGE TRUST
Linked Financial Statements for the year ended 31 March 2021**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors 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, are detailed below:

Our approach to identifying and assessing the risks of material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussions with trustees and management, and from our knowledge and experience of the charity sector;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, Charities SORP FRS102, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation);
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting correspondence; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatements, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE SILK HERITAGE TRUST
Linked Financial Statements for the year ended 31 March 2021**

To address the risk of fraud through management bias and override controls, we:

- Performed analytical procedures to identify any unusual or expected relationships;
- Investigate the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading minutes of meetings of those charged with governance;
- enquiring of management as to actual potential litigation and claims;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from errors as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Other Matters

We draw your attention to the fact that the prior year comparative figures have not been audited as there was no requirement or request from the members.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mr N A Kennington FCA (Senior Statutory Auditor)
for and on behalf of
Heywood Shepherd
Statutory Auditor
1 Park Street
Macclesfield
SK11 6SR

Date : 20th January 2022

THE SILK HERITAGE TRUST

Statement of Financial Activities Including Income and Expenditure Account for the year ended 31 March 2021

	Notes	Silk Heritage Trust			Silk Heritage Trust Endowed Charity			Silk Heritage Trust			Silk Heritage Trust Endowed Charity			Total		
		Unrestricted	Restricted	2021	Unrestricted	2021	£	Unrestricted	2020	£	Unrestricted	2020	£	Unrestricted	2020	£
Income																
Donations and Legacies																
Donations	2	5,887	15,000		1,517		22,404	18,999		-	1,517		20,516			
Grants	3	221,850	59,210		-		281,060	86,000		119,700	-		205,700			
Income from charitable activities:																
Fees	4	3,013	-		21,643		24,656	59,496		-	89,892		149,388			
Income from other trading activities:																
Shop income		1,106	-		-		1,106	29,643		-	-		29,643			
Investment income	5	24	-		4		28	137		-	14		151			
TOTAL INCOME		231,880	74,210		23,164		329,254	194,275		119,700	91,423		405,398			
Expenditure																
Costs of raising funds																
Fundraising and trading: cost of goods sold and other costs		2,625	-		-		2,625	26,351		-	-		26,351			
Charitable activities		158,811	71,217		44,876		274,904	129,135		106,320	83,382		318,837			
TOTAL EXPENDITURE	6	161,436	71,217		44,876		277,529	155,486		106,320	83,382		345,188			
Net income/expenditure		70,444	2,993		(21,712)		51,725	38,789		13,380	8,041		60,210			
Transfers between funds		(9,000)	-		9,000		-	-		-	-		-			
NET MOVEMENT IN FUNDS		61,444	2,993		(12,712)		51,725	38,789		13,380	8,041		60,210			
Reconciliation of funds																
Total funds brought forward		1,038,058	49,896		284,826		1,372,780	999,269		36,516	276,785		1,312,570			
TOTAL FUNDS CARRIED FORWARD		1,099,502	52,889		272,114		1,424,505	1,038,058		49,896	284,826		1,372,780			

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities. The notes on pages 15 to 25 form part of these accounts.

THE SILK HERITAGE TRUST

Balance Sheet as at 31 March 2021

		Silk Heritage Trust 2021	Silk Heritage Trust Endowed Charity 2021	Total 2021		Silk Heritage Trust 2020	Silk Heritage Trust Endowed Charity 2020	Total 2020
	Notes	£	£	£		£	£	£
Fixed Assets								
Tangible assets	12	1,051,106	152,458	1,203,564		1,059,130	156,408	1,215,538
Investments	13	-	202	202		-	202	202
		<u>1,051,106</u>	<u>152,660</u>	<u>1,203,766</u>		<u>1,059,130</u>	<u>156,610</u>	<u>1,215,740</u>
Current Assets								
Stock	14	5,270	-	5,270		4,790	-	4,790
Debtors	15	15,369	27,004	42,373		6,697	48,448	55,145
Cash at bank and in hand		120,063	96,377	216,440		81,176	83,067	164,243
		<u>140,702</u>	<u>123,381</u>	<u>264,083</u>		<u>92,663</u>	<u>131,515</u>	<u>224,178</u>
Creditors: amounts falling due within one year	16	39,417	3,927	43,344		63,839	3,299	67,138
Net Current Assets		<u>101,285</u>	<u>119,454</u>	<u>220,739</u>		<u>28,824</u>	<u>128,216</u>	<u>157,040</u>
Total Assets Less Current Liabilities		<u>1,152,391</u>	<u>272,114</u>	<u>1,424,505</u>		<u>1,087,954</u>	<u>284,826</u>	<u>1,372,780</u>
Net Assets		<u>1,152,391</u>	<u>272,114</u>	<u>1,424,505</u>		<u>1,087,954</u>	<u>284,826</u>	<u>1,372,780</u>
Charity Funds								
Unrestricted funds		1,099,502	272,114	1,371,616		1,038,058	284,826	1,322,884
Restricted funds		52,889	-	52,889		49,896	-	49,896
Total Funds	18 & 19	<u>1,152,391</u>	<u>272,114</u>	<u>1,424,505</u>		<u>1,087,954</u>	<u>284,826</u>	<u>1,372,780</u>

THE SILK HERITAGE TRUST

Balance Sheet as at 31 March 2021- continued

These financial statements have been prepared in accordance with the provisions applicable to small companies subject to the small companies regime and in accordance with FRS 102 SORP.

The financial statements were approved and authorised for issue by the trustees on the 20th January 2022 and signed on their behalf by:

Mr John Varney - Chairman of Trustees

The notes on pages 15 to 25 form part of these accounts.

1. ACCOUNTING POLICIES

a) Basis of preparation and assessment of going concern

accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland FRS 102 section 1A and the requirements of the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless stated in the relevant accounting policy note.

The Silk Heritage Trust, formally known as Macclesfield Museums Trust has been granted a Uniting Direction by the Charities Commission. The effect of this is that these accounts must also report on the financial activities of The Silk Heritage Endowed Charity, formerly known as Macclesfield Sunday School Heritage Centre Trust.

The Trustees are of a view that there are no material uncertainties about the Trust's ability to continue as a going concern.

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

The trust received government grants totalling £86,000 in the year towards the provision of Museum Services.

The financial statements are prepared in sterling which is also the functional currency of the trust.

b) Company status

The trust is a company limited by guarantee.

c) Fund accounting

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

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the trust for particular purposes.

The aim and use of each restricted fund is set out in the notes to the financial statements.

d) Incoming resources and debtors

All incoming resources are recognised once the charity has entitlement to the resources, it is probable that the resources will be received and the monetary value of incoming resources can be measured reliably. Income from grants is recognised when the charity has entitlement to the funds, conditions have been met, is probable to be received and can be measured reliably.

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid. Accrued income and tax recoverable is included at the best estimate of the amounts receivable at the balance sheet date.

e) Resources expended and creditors

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

Fundraising costs are those incurred in seeking voluntary contributions. Management and administration costs are those in connection with administration of the charity and compliance with the constitutional and statutory requirements.

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

THE SILK HERITAGE TRUST

Notes to the accounts for the year ended 31 March 2021 - continued

1. ACCOUNTING POLICIES (continued)

f) Tangible fixed assets and depreciation

Tangible Fixed Assets are stated at cost.

Depreciation is provided on Buildings and Fixtures, Fittings and Equipment on a straight line basis over the expected useful lives of the assets concerned. The rates used for this purpose are:

	<u>Period (years)</u>
Fixtures and Fittings	10
Buildings	50

The Museum's exhibits are not represented in the balance sheet.

The depreciation on buildings is included at 2% of the difference between the current market value and the original cost.

Artefacts purchased by the Museum are not capitalised but are treated as expenditure in the SOFA in the period in which it occurred.

g) Heritage costs

The original land and buildings of the Macclesfield Sunday School were transferred to the Silk Heritage Trust Endowed Charity by a trust deed dated 31 October 1981. The property is a Grade II listed building. It was built in 1813 for the recreation and education of the local community. The charity uses the property to fulfil its objectives by providing rooms for recreational and educational facilities.

The property has not been capitalised as the original cost is unavailable and onerous costs would have to be incurred for the property to be reliably valued. It is also owned as specie property under an Endowed Trust as a Historic asset.

h) Stock

Stock is represented by shop goods for resale which are stated at the lower of cost or net realisable value. Provision has been made where it is considered that stock is obsolete or slow moving.

i) Pension costs

The company operates a work place pension scheme which is a defined contributions scheme with the Peoples Pension. Contributions payable for the year are charged to the SOFA.

j) Investments

Investments are a form of financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation in the year.

k) Cash at bank and in hand

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

THE SILK HERITAGE TRUST

Notes to the accounts for the year ended 31 March 2021 - continued

	Silk Heritage Trust		Silk Heritage Trust Endowed Charity		Silk Heritage Trust		Silk Heritage Trust Endowed Charity		Total Funds		Total Funds	
	Unrestricted Funds	Restricted Funds	Unrestricted Funds	Restricted Funds	Unrestricted Funds	Restricted Funds	Unrestricted Funds	Restricted Funds	2021	2020	2021	2020
£	£	£	£	£	£	£	£	£	£	£	£	£
Donations	5,887	15,000	1,517	22,404	18,999	-	1,517	20,516				
	5,887	15,000	1,517	22,404	18,999	-	1,517	20,516				
3. GRANTS												
Cheshire East Council	86,000	-	-	86,000	86,000	30,000	-	116,000				
Cheshire East Council covid Support	78,400	4,900	-	83,300	-	-	-	-				
Arts Council	27,484	5,000	-	32,484	-	3,000	-	3,000				
Cheshire East - Have a Dabble	-	1,500	-	1,500	-	33,000	-	33,000				
Textile Society	-	4,800	-	4,800	-	9,100	-	9,100				
Architectural Heritage Fund	-	6,160	-	6,160	-	9,600	-	9,600				
Historic England	-	27,650	-	27,650	-	-	-	-				
University of Manchester	-	9,200	-	9,200	-	35,000	-	35,000				
AIM	2,594	-	-	2,594	-	-	-	-				
Job Support Scheme	27,372	-	-	27,372	-	-	-	-				
	221,850	59,210	-	281,060	86,000	119,700	-	205,700				

THE SILK HERITAGE TRUST

Notes to the accounts for the year ended 31 March 2021- continued

	Silk Heritage Trust			Silk Heritage Trust			Silk Heritage Trust			Silk Heritage Trust			Silk Heritage Trust			Silk Heritage Trust		
	Endowed Charity			Endowed Charity			Endowed Charity			Endowed Charity			Endowed Charity			Endowed Charity		
	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021
£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Museum fees	1,269	-	-	-	-	1,269	54,856	-	-	-	-	54,856	-	-	-	-	-	54,856
Function room hire	1,400	-	-	13,920	15,320	15,320	3,457	-	-	-	-	3,457	-	-	-	8,463	-	11,920
Auditorium hire	-	-	-	7,446	7,446	7,446	-	-	-	-	-	-	-	-	-	81,379	-	81,379
Other income	344	-	-	277	621	621	1,183	-	-	-	-	1,183	-	-	-	50	-	1,233
	3,013	-	-	21,643	24,656	24,656	59,496	-	-	-	-	59,496	-	-	-	89,892	-	149,388

4. FEES

The Silk Heritage Trust has recharged certain establishment costs incurred on behalf of the Silk Heritage Trust Endowed Charity.

5. INVESTMENT INCOME

Bank interest received	24	-	-	4	28	28	137	-	-	-	-	14	-	-	-	14	-	151
	24	-	-	4	28	28	137	-	-	-	-	14	-	-	-	14	-	151

THE SILK HERITAGE TRUST

Notes to the accounts for the year ended 31 March 2021 - continued

6. TOTAL RESOURCES EXPENDED

	Silk Heritage Trust 2021				Silk Heritage Trust 2020				Silk Heritage Trust Endowed Charity 2020			
	Unrestricted Funds		Restricted Funds		Unrestricted Funds		Restricted Funds		Unrestricted Funds		Restricted Funds	
	Fundraising & trading	Charitable Activities	Charitable Activities	Funds	Fundraising & trading	Charitable Activities	Charitable Activities	Funds	Fundraising & trading	Charitable Activities	Charitable Activities	Funds
	£	£	£	£	£	£	£	£	£	£	£	£
Costs directly allocated to activities												
Staff costs	-	77,046	10,817	-	16,376	61,570	35,913	-	30,000	-	-	143,859
Advertising	-	-	-	-	-	-	5,968	-	-	-	-	5,968
Travel	1,187	348	-	-	-	276	-	-	-	-	-	276
Goods for resale	-	-	-	-	8,274	-	-	-	-	-	-	8,274
Display and Exhibition costs	-	4,461	14,468	-	-	410	19,164	-	-	-	-	19,574
Premises expenses	-	19,554	-	-	-	19,008	2,863	-	30,701	-	-	52,572
Insurances	-	8,474	-	-	-	6,038	-	-	3,000	-	-	9,038
Cleaning	-	1,939	1,362	-	-	4,006	-	-	2,522	-	-	6,528
Security	-	2,990	-	-	-	2,934	-	-	872	-	-	3,806
Equipment maintenance	-	3,804	-	-	-	767	-	-	-	-	-	767
Repairs and renewals	-	1,067	17,752	-	-	-	15,770	-	254	-	-	16,024
Depreciation	-	9,500	-	-	-	10,256	-	-	3,950	-	-	14,206
Bad debt	-	-	-	-	-	-	-	-	1,788	-	-	1,788
PRS Licence	-	-	-	-	-	2,790	-	-	295	-	-	3,085
Support costs allocated to activities												
Imrecoverable VAT	-	7,825	-	-	-	-	-	-	-	-	-	-
Accountancy	-	2,500	-	-	-	3,000	-	-	-	-	-	3,000
Administrative & finance	-	8,400	-	-	-	10,585	-	-	7,000	-	-	17,585
Legal & Professional fees	-	1,215	21,850	-	-	-	24,960	-	-	-	-	24,960
Communications	-	3,490	-	-	-	2,829	-	-	1,250	-	-	4,079
Printing and stationery	-	1,007	3,425	-	-	738	1,021	-	500	-	-	2,257
Computer costs	-	3,874	1,543	-	-	2,004	-	-	750	-	-	2,754
Bank charges	1,438	10	-	-	1,701	-	-	-	-	-	-	1,701
Training	-	-	-	-	-	324	-	-	-	-	-	324
General expenses	-	1,307	-	-	-	1,602	661	-	500	-	-	2,763
Total resources expended	2,625	158,811	71,217	-	26,351	129,135	106,320	-	83,382	-	-	345,188

The basis of cost allocation is all direct

THE SILK HERITAGE TRUST

Notes to the accounts for the year ended 31 March 2021 - continued

Silk Heritage Trust	Silk Heritage Trust Endowed Charity	Silk Heritage Trust	Silk Heritage Trust Endowed Charity
2021	2021	2020	2020
£	£	£	£

7. NET INCOMING RESOURCES

This is stated after charging:

Depreciation	9,500	3,950	10,256	3,950
Audit fee	2,500	-	3,000	-
Other finance and accountancy fees	8,400	-	10,585	7,000

8. STAFF COSTS AND NUMBERS

Staff costs were as follows:

Salaries and wages	83,970	13,000	103,163	30,000
Social security costs	2,679	-	650	-
Employers pension contributions	1,214	-	10,046	-
Total	87,863	13,000	113,859	30,000

The average monthly head count was 15 staff (2020 - 25) and the average monthly number of full time employees during the year, was as follows.

	2021 Number	2020 Number
Finance and administration	1	1
Fundraising	1	1
Charitable activities	4	5
	6	7

Approximately 15% of unrestricted staffing costs relate to the operation of the Endowed Charity.

No Employees had employee benefits in excess of £60,000 (2020 - none).

The management of the combined trust is the duty of the trustees who are unpaid.

9. TRUSTEE REMUNERATION & RELATED PARTY TRANSACTIONS

No members of the Board of Trustees (Directors) received any remuneration or expenses during the year.

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

The Macclesfield Museum Trust, now known as The Silk Heritage Trust and Macclesfield Sunday School Heritage Centre Trust, have been granted a Uniting Direction. The Endowed Charity provides rent free accommodation to The Silk Heritage Trust in return for shared expenses. At the year end, the net debt owing from the Silk Museum to the Heritage Centre was £19,152 (2020- £32,968)

10. TAXATION

As a charity, The Silk Heritage Trust is exempt from tax on income and gains falling within s505 of the Taxes Act 1988 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity.

THE SILK HERITAGE TRUST

Notes to the accounts for the year ended 31 March 2021 - continued

11. PENSION SCHEME

The trust paid £nil (2020- £20,654) into the Cheshire East Council Superannuation Scheme on behalf of its employees.

At the balance sheet date £nil (2020 - £1,000) was outstanding.

The trust made contributions to the work place pension scheme with Peoples Pension for 3 employees totalling £1,213 (2020 - £1,393).

12. TANGIBLE FIXED ASSETS

The Silk Heritage Trust

	Land & Buildings	Fixtures, Fittings & Equipment	Total
Cost	£	£	£
At 1 April 2020	1,202,215	119,013	1,321,228
Additions	-	1,476	1,476
At 31 March 2021	1,202,215	120,489	1,322,704
Depreciation			
At 1 April 2019	143,085	119,013	262,098
Charge for the Year	9,500	-	9,500
At 31 March 2021	152,585	119,013	271,598
Net book values			
At 31 March 2021	1,049,630	1,476	1,051,106
At 31 March 2020	1,059,130	-	1,059,130

The value of Land and Buildings consists of the Museum at Park Green. The development of this site was funded to a large extent by the National Lottery Heritage Fund. The conditions of the funding stipulated that if the building was ever to be sold, a percentage of the grant given of £800,000 would have to be repaid.

The Silk Heritage Trust Endowed Fund

	Building	Fixtures & Fittings	Total
Cost	£	£	£
At 1 April 2020	309,111	105,737	414,848
Additions	-	-	-
At 31 March 2021	309,111	105,737	414,848
Depreciation			
At 1 April 2020	156,595	101,845	258,440
Charge for the Year	3,300	650	3,950
At 31 March 2021	159,895	102,495	262,390
Net book values			
At 31 March 2021	149,216	3,242	152,458
At 31 March 2020	152,516	3,892	156,408

The building represents renovations and additions to the land and buildings of the Macclesfield Heritage Centre.

The original land and buildings of the Macclesfield Heritage Centre were transferred to the trust by the Trust Deed dated 31st October 1981 and have not been included in the fixed assets.

THE SILK HERITAGE TRUST

Notes to the accounts for the year ended 31 March 2021 - continued

13. INVESTMENTS

	2021 Nominal Value	2021 Market Value	2020 Nominal Value	2020 Market Value
	£	£	£	£
Silk Heritage Trust Endowed Charity				
City of Manchester 3%	371	202	371	202
	<u>371</u>	<u>202</u>	<u>371</u>	<u>202</u>

	Silk Heritage Trust	Silk Heritage Trust Endowed Charity	Total	Silk Heritage Trust	Silk Heritage Trust Endowed Charity	Total
	2021	2021	2021	2020	2020	2020
	£	£	£	£	£	£
14. STOCK						
Shop goods for resale	5,270	-	5,270	4,790	-	4,790

The amount of stock recognised as an expense in the cost of sales during the year was £2,145 (2020- £29,321)

15. DEBTORS

Trade debtors & Prepayments	10,482	4,169	14,651	6,417	15,480	21,897
Other debtor	4,887	1,024	5,911	-	-	-
Silk Heritage Trust	-	19,152	19,152	-	32,968	32,968
VAT	-	2,659	2,659	280	-	280
	<u>15,369</u>	<u>27,004</u>	<u>42,373</u>	<u>6,697</u>	<u>48,448</u>	<u>55,145</u>

16. CREDITORS: Amounts falling due within one year

Trade creditors and Accruals	19,676	3,927	23,603	29,871	2,029	31,900
Cheshire Pension Fund	-	-	-	1,000	-	1,000
Silk Heritage endowed trust	19,152	-	19,152	32,968	-	32,968
VAT	589	-	589	-	1,270	1,270
	<u>39,417</u>	<u>3,927</u>	<u>43,344</u>	<u>63,839</u>	<u>3,299</u>	<u>67,138</u>

17 SHARE CAPITAL

The company is incorporated under the Companies Act 2006 and is limited by guarantee and therefore does not have a share capital.

THE SILK HERITAGE TRUST

Notes to the accounts for the year ended 31 March 2021 - continued

18. STATEMENT OF FUNDS

	Balance at 31st March 2020	Incoming Resources	Outgoing Resources	Transfer between Funds	Balance at 31st March 2021
	£	£	£	£	£
Unrestricted Funds					
The Silk Heritage Trust	1,038,058	231,880	161,436	(9,000)	1,099,502
The Silk Heritage Trust Endowed Charity	284,826	23,164	44,876	9,000	272,114
Total Unrestricted Funds	1,322,884	255,044	206,312	-	1,371,616
Restricted Funds					
The Silk Heritage Trust					
AIM	9,600	-	7,694	-	1,906
Sustainable Improvement	2,200	-	-	-	2,200
John Ellerman	15,690	-	15,690	-	-
New Homes Bonus	15,445	-	5,438	-	10,007
Cheshire East	4,956	-	4,956	-	-
Esme Fairbairn	2,005	-	2,005	-	-
Arts Council	-	5,000	5,000	-	-
Cheshire East have a dabble	-	1,500	1,500	-	-
Cheshire East covid support	-	4,900	4,900	-	-
National heritage	-	8,900	8,900	-	-
University of Manchester	-	9,200	-	-	9,200
Friends of Macclesfield Silk Heritage Textile support	-	6,675	-	-	6,675
Friends of Macclesfield Silk Heritage Ancient Egypt	-	8,325	844	-	7,481
Textile society	-	4,800	-	-	4,800
Architectural Heritage Fund	-	8,160	6,160	-	-
Historic England	-	18,750	8,130	-	10,620
Total Restricted Funds	49,896	74,210	71,217	-	52,889
TOTAL FUNDS	1,372,780	329,254	277,529	-	1,424,505

THE SILK HERITAGE TRUST

Notes to the accounts for the year ended 31 March 2021 - continued

18 STATEMENT OF FUNDS (continued)

Unrestricted Funds

The Silk Heritage Trust - These represent the accumulated unrestricted general funds of the Trust.

The Silk Heritage Trust Endowed Fund - These represent the accumulated unrestricted general funds of the Endowed Charity

Restricted Funds

During the financial year 2020-21 the Silk Heritage Trust worked with restricted funds from a range of sources.

Cheshire East Council's annual grant is awarded in relation to the Service Level Agreement with the Trust based on effectively managing the museum collections and increasing public and educational engagement with these collections. The Council also made an additional awards of £1,500 to support a programme of new, creative programme for people to have a dabble remotely in activities, and £4,900 for covid support.

Museum Development North West awarded a Sustainable Improvement Fund grant (SIF) to support the development of schools' loans boxes as part of our work to refresh our learning programme.

John Ellerman Foundation funding allowed the Trust to continuing working with the Director in delivering the Transformation programme at the Silk Museum and Old Sunday School.

The Esmée Fairbairn Foundation funding was in its final year of support of work to increase care, documentation and engagement with the Museum's nationally important collection of Pattern Books.

An award from the Architectural Heritage Fund was given to cover restoration support for the museums.

An award from the New Homes Bonus scheme is contributing to the transformation of the Old Sunday School as a creative, community hub for Macclesfield.

The Friends of Macclesfield Silk Heritage made one of their most generous grants in support of two museum programs in the year.

A grant from Historic England was given to support the restoration of the windows in the Old Sunday School.

A grant from the university of Manchester was awarded in the year to assist with covid recovery.

A grant was awarded by the textile society in support of restoration of the fabric collections.

THE SILK HERITAGE TRUST

Notes to the accounts for the year ended 31 March 2021 - continued

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted Funds	2021
	£	£	£
The Silk Heritage Trust			
Tangible Fixed Assets	1,051,106	-	1,051,106
Net Current assets	48,396	52,889	101,285
Creditors falling due in more than one year	-	-	-
	1,099,502	52,889	1,152,391
The Silk Heritage Trust Endowed Charity			
Tangible Fixed Assets	152,458	-	152,458
Investments	202	-	202
Net Current Assets	119,454	-	119,454
	272,114	-	272,114

20 INTER TRUST LOAN

As at the balance sheet date the inter trust loan outstanding was £ 19,152 owing to the Endowed Charity by the Silk Heritage Trust.