

Charity number: 1158583

Company number: 08986225

**HAMPSHIRE CULTURAL TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

Compass Accountants Limited
Chartered Accountants and Registered Auditors
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Hampshire Cultural Trust

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Report of the Trustees (incorporating the Directors' report) for the year ending 31 March 2017

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 2017.

The Trustees are also Directors of the charity for the purposes of the Companies Act. The Trustees' annual report and consolidated financial statements together meet the requirements for a Directors' report and accounts for Companies Act purposes. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 01 January 2015).

Chairman's report

This year has seen the development of new, innovative and independent work by Hampshire Cultural Trust as we make good progress with delivery of our strategic plan that champions world-class culture in Hampshire and the enrichment of people's lives. The quality of the Trust's own curated exhibitions has grown during the year, with highlights including Capability Brown, Love Thy Denim and The Romantic Thread in British Art. Work also started on a new and exciting chapter for the Trust as we implemented our plans to refurbish and reinvigorate some of our venues starting with Winchester City Museum and Westbury Manor Museum.

In terms of our social impact, the Trust continued to develop its life-changing work with vulnerable people across Hampshire. Outstanding work at the Wessex Dance Academy and in partnership with the HIOW Community Rehabilitation Company, for example, has inspired more young people to make positive decisions about their personal life ambitions. Work has also continued on developing a health and wellbeing consortium as part of a wider Hampshire Cultural Partnership initiative; encouraging cultural organisations working across the county to collaborate in this vital area of work with social and economic benefit.

Pivotal to the Trust's future success is the development of our digital strategy. During 2016-17, the Trust finalised the transfer from local authority business systems, to independent systems in the areas of finance, IT and HR. Further investment will now be made to deliver a wider digital strategy, enabling the organisation to be fully agile and responsive in the digital environment.

As we enter our third full year of operation, the Trust has made good progress in its journey to transform the cultural offer in Hampshire, ensure its resilience and grow its contribution to the county's economic and social prosperity. There is still much work to do, and the continued dedication and commitment of staff, volunteers and active supporters remains central to everything that we achieve. I am proud to be working with such a passionate and enthusiastic team at the heart of Hampshire's cultural community.

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Purpose and charitable objects

The Trust's charitable objects are set out in its governing documents and summarised as follows:

- a) To promote, maintain and improve the public's understanding and appreciation of the arts, including by:
 - i) Establishing and maintaining museums and art galleries;
 - ii) Providing community arts centres and community arts programmes; and
- b) To advance the education of the public in the history and heritage of Hampshire and the wider area of the South of England, including by:
 - i) Acquiring, preserving and exhibiting land and buildings of beauty or historical interest with a view to educating the public in their significance in the heritage of the nation and the local area; and
 - ii) Preserving furniture, pieces and chattels of any description having national and local historical or artistic interest with a view to educating the public in their significance in the heritage of the nation and the local area.

Objectives and Activities

The Trust aims to achieve its charitable objects through the successful delivery of its strategy, plans, and activities. The current objectives and activities are as follows:

- Operation of 18 museums across Hampshire and East Dorset, providing access to local history for residents and visitors
- Working in partnership with external partner organisations to deliver community museum services at 3 further venues in Hampshire
- Operation of 3 arts centres in Hampshire, bringing performing arts to local communities
- Delivery of a flagship gallery programme, bringing major exhibitions to 3 government-indemnified galleries in Winchester, Basingstoke and Gosport
- Delivery of a youth arts engagement programme across Hampshire, and in Winchester at Wessex Dance Academy where dance specialists work with troubled young people and offenders

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- Delivery of a schools and adult education programme creating learning opportunities inspired by local histories, artists and creatives
- Stewardship of over 2.5 million objects relating to Hampshire's cultural heritage
- Operation of Hampshire Wardrobe which provides costume and loans materials for schools and other local users to support history and the arts
- Hosting of museum development advice for the wider museums sector in Hampshire and the Isle of Wight area via the Arts Council England funded Museum Development programme

The Trust has a wholly owned trading subsidiary that undertakes retail, catering and related activities primarily at Milestones Museum in Basingstoke, the arts centres, and a number of other museums.

The Trust employs over 200 staff and relies on the support of many more volunteers across Hampshire and East Dorset. Volunteers provide a customer welcome and support at the venues, bring their expertise and enthusiasm to the collections, support the exhibition and learning programmes, and help support the delivery of the young people engaged in the Trust's youth activities.

Public benefit

The Trustees confirm that they have complied with the duty in the Charities Act 2011 to have due regard to public benefit guidance issued by the Charity Commission. The Trustees have taken account of such guidance when reviewing the charity's aims and objectives, and in planning future activities.

The Trustees recognise the two principles of public benefit and consider that the Trust meets them, as set out below.

1. *There must be an identifiable benefit and they must be clear, related to the aims of the Trust, and balanced against any detriment or harm.*

The objects of the Trust are to promote, maintain and improve public understanding and appreciation of the arts and to advance public education in the history and heritage of Hampshire and the wider south of England. The Trust is a main provider of museums, art gallery and community arts services across Hampshire, and provides stewardship of the county's

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primary museum artefact collection, which is a major resource in understanding the history of the area.

2. *The benefit must be to the public or a section of the public; the beneficiaries must be appropriate to the aims and, if to a section of the public, must not be unreasonably restricted; and that those in poverty must not be excluded from the opportunity to benefit.*

The Trust encourages all within our communities to take part in our activities and attend our events. However, the Trust relies on income from admissions, donations and fees to contribute towards its operating costs. Our pricing and charges reflect a need to support affordability and accessibility to our programmes, exhibitions and events whilst ensuring that the Trust remains financially sustainable. We provide some programmes specifically for local schools, and vulnerable young and older people on low incomes and at risk of isolation. The majority of our venues provide free admission, and those that do charge provide opportunities for discount or 'without charge' arrangements, including through our outreach programmes.

STRATEGIC REPORT

Achievements and Performance

Highlights of the Trust's achievements during 2016-17 in line with its goals are summarised below:

1. **Hampshire Cultural Trust will change the lives of over one million people per annum by 2025**
 - a) Total engagement with 670,000 visitors, of which 550,000 visited the Trust's managed museum venues and arts centres, including non-paying and paying visitors to art centres, as well as 120,000 visitors to additional venues that the Trust supports in partnership with other organisations. Overall visitor figures for museums were down compared to the strong performance of 2015-16. This was largely due to the temporary closure of three venues for refurbishment, a less popular summer exhibition programme (Dinosaurs in 2015), and the timing of Easter falling early in 2016 and late in 2017.
 - b) Digital engagement of 1.5 million page views across the Trust's websites and social media channels, representing a growth of 50%.
2. **Hampshire Cultural Trust will deliver vibrant world-class cultural experiences by 2025**
 - a) The exhibition programme at the flagship gallery venues has included high-quality curated shows and touring shows from other nationally significant collections. Highlights include Love Thy Denim and Capability Brown, both curated by the Trust, and Alice in Wonderland from the

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British Library. The Romantic Thread in British Art was a partnership exhibition developed with Southampton City Art Gallery and brought major works from their art collection for display in Winchester and Basingstoke for the first time.

- b) The Hampshire Big Theme 2016 exhibition programme, entitled Royal Blood: The fight for power in Hampshire, brought important loans from the British Museum back to the county, including the Winchester Iron Age Hoard.
- c) The Hampshire Big Theme 2017 exhibition and events programme, Jane Austen 200: A life in Hampshire, was launched in November and attracted significant media attention with a PR reach of 256 million. Written by Women, part of the Basingstoke Festival, was a weekend of words inspired by Jane Austen featuring author visits, workshops, installations and a Shed of Stories, and attracted an audience in excess of 6,500.
- d) The refurbishment of the Winchester City Museum was progressed and included the display of a large-scale model of Victorian Winchester built by former chief planning officer, Roger Brown.
- e) The Trust continued to work closely with Southampton City Council, Hampshire County Council, Basingstoke and Deane Borough Council and Gosport Borough Council to promote the display of Southampton's nationally significant fine art collection and other fine art across Hampshire.
- f) The Trust continued to lead the Winchester, The Royal City project, and its associated steering group, in the development of a long-term programme centred on placing Winchester firmly on the map as an international heritage city. Emerging aspirations include the creation of a 'museum on the move' digital, marketing and learning concept celebrating and connecting Winchester's rich cultural heritage; the development of a dynamic seminar, conference and research programme; and, in the long-term, the creation of a new, nationally significant museum centred on Winchester's Anglo-Saxon story. The project saw the first one-day symposium, held in October 2016, with renowned and respected speakers in the field and attended by more than 120 people.
- g) In May 2016 the Trust had its Stage 1 application for Designated Status of the archaeology collections approved by Arts Council England. The Stage 2 application, together with a new Collections Research Policy, was submitted in January 2017. Although this did not fully meet the criteria for Designation, Arts Council England will be discussing next steps with the Trust to determine a successful application in the future.
- h) Arts Council England formally recognised the Trust 'as a museum service under the 2011 Accreditation Standard' at the same time as it awarded Chilcomb House Full Accreditation status in February 2017.
- i) Collections acquisition and management highlights during the year included the completion of the total re-organisation of the Hampshire moth collection of about 45,000 specimens and the

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deposit of the archive from Winchester's late Roman Lankhills Cemetery of some 450 skeletons excavated from 2000 to 2005.

- j) The county's Portable Antiquities Scheme Finds Liaison Officer, hosted by the Trust, handled 66 treasure finds during the year, including a Late Bronze Age gold armlet from Soberton that the Trust hopes to acquire for the museum collection. Nearly 1,400 other finds were recorded and '50 Finds From Hampshire: Objects from the Portable Antiquities Scheme', written by our Finds Liaison Officer, was published in January 2017.
- k) The Trust continued to explore the appetite and feasibility for establishing a strategic cultural partnership for Hampshire, working with a group of interested organisations in developing a programme centred on cultural commissioning, education and advocacy.
- l) Rushmoor Arts Hub gained nearly £40k funding from Arts Council England to allow the West End Centre to work with local partners with the aim of raising aspirations and engagement with the arts. Activity has included networking days, artist visits to schools, videos and a Youth Arts Grants scheme which has supported five young people at the start of their careers.
- m) Hogwallops was the first large-scale event in the Happenings programme and saw Lost in Translation circus perform over two weekends in Winchester and Gosport,. This project has opened up opportunities for international working with European partners.

3. Hampshire Cultural Trust will improve its ability every year to inspire better life chances

- a) Through its Better Life Chances programme, the Trust has provided high quality arts and cultural provision to vulnerable people that improves, enhances and changes their lives for the better. The priority areas identified are young people, older people at risk of isolation, schools and community participation.
- b) During 2016-17, the Trust secured around £800,000 of external funding for its Better Life Chances programmes and worked with over 3,000 participants and 30 partners across Hampshire (excluding schools).
- c) The first year of the Horizon 20:20 project funded by the Paul Hamlyn Foundation has been delivered and has worked directly with over 100 vulnerable young people in six education centres. Groups have taken part in regular artist workshops in their settings. This has promoted creativity, expression, improved motivation to learn, achievement and confidence.
- d) Work with adults on probation was started through the Creative Arts Programme, bringing creative activity into offenders' lives as a way to support their rehabilitation. Funding from HIOW Community Rehabilitation Company is supporting this ongoing work. The Trust has also received grant funding from the Community Rehabilitation Company.

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- e) The Cultural Pathways partnership project with Ways into Work (CIC) is supported by Hampshire Adult Services Supportive Communities to create work placements for eight adults with learning disabilities within cultural venues in the New Forest and Rushmoor. The project is unique in its inclusion of a creative arts programme open to an additional 16 individuals with a learning disability, aimed at increasing confidence and recognising their personal assets.
- f) As a cultural education partnership, the Reaching Out project secured £80,000 from the Department of Education via Arts Council England. It has produced three new curriculum-linked learning programmes focusing on the STEM to STEAM agenda at Andover Museum of the Iron Age, Aldershot Military Museum and Basing House. Over the course of the project, 1,200 pupils from schools in north Hampshire benefitted from curriculum-linked learning programmes in our heritage venues.
- g) Wessex Dance Academy (WDA) has continued to deliver its three cohorts per annum comprising young people who are referred by Children's Services, the Youth Offending Team and others, working with over 40 young people during the year. WDA has now seen 347 of Hampshire's highest tariff young people through its doors, and has hosted 44 public performances since its inception.
- h) Around 23,500 pupils took part in the Trust schools programmes which were revised and updated for 2016-17.

4. Hampshire Cultural Trust will deliver a surplus for reinvestment every year

- a) The Trust achieved a consolidated surplus for the year to 31 March 2017 of £225,258. The Trust's total reserves at 31 March 2017 were £950,666 of which £262,493 were held in restricted funds and £688,173 unrestricted.
- b) During the year around £1.2 million of external grant and philanthropy investment was secured for investment in the 2016-17 programme. Highlights include:
 - Arts Council England Museum Resilience Fund grant of £295,000
 - Heritage Lottery Fund Our Heritage grant for Westbury Manor Museum of £100,000
 - Arts Council England Grant for the Arts for Rushmoor Arts Hub of £40,000
 - Better Life Chances programme grants of around £800,000 described in section 3 above
- c) Hampshire Cultural Trust Trading Limited achieved a profit for the year to 31 March 2017 of £179,557. The available taxable profits of the Trading Company will be Gift-Aided to the Trust during the current financial year.

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- d) The post of Development Manager has been created to support fundraising activity and the fundraising strategy updated to further reflect the Trust's ambitions moving forward.
- e) Applications to Arts Council England National Portfolio Organisation (£2.1 million) and to the Heritage Lottery Fund Your Heritage (£4.5 million) schemes were submitted, requesting funding to support the Trust's long-term Transform Programme of asset investment. Although these applications did not succeed in this instance, the Trust will continue to work in partnership with stakeholders, other cultural providers and Arts Council England to deliver alternative creative and cost-effective solutions for these projects.
- f) In 2016-17, the final stages of withdrawal from Hampshire County Council central support systems (finance, IT and HR) took place, and the Trust is now operating as a completely independent business.
- g) For the first time the annual budget process involved venues creating their own 2017-18 operational plans and resource budget proposals. This bottom-up process has established wider and more inclusive budget ownership across the Trust.

5. Hampshire Cultural Trust will be a great place to work for staff and volunteers

- a) During the annual review of The Trust's strategic plan, this goal was added as a new area of focused activity over the next five years, and a programme of work developed for 2017-18 onwards.
- b) HR support and systems were further developed within the Trust's structure during the year.
- c) In recognition and appreciation of the vital contribution made by its people, the Trust established a Workplace Forum in 2016-17. Every employee has representation at the forum, which provides an inclusive opportunity to share and consider the Trust's developments, opportunities and challenges.

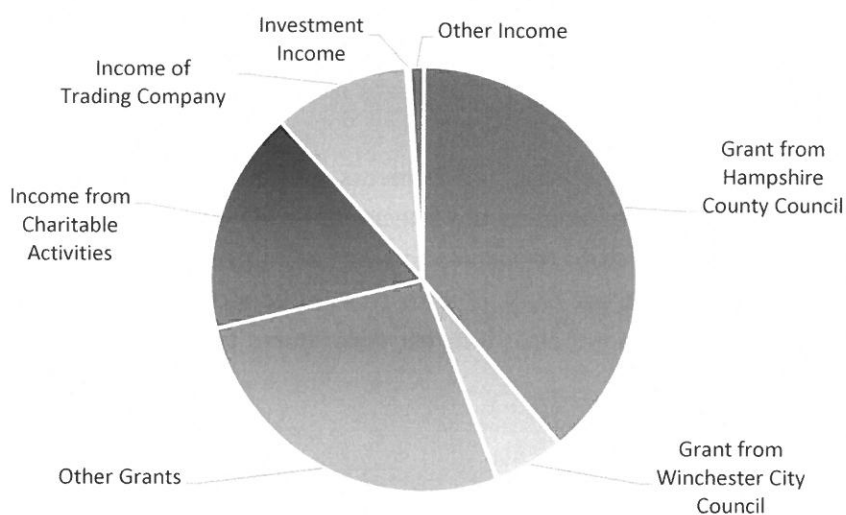
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Financial Review

2016-17 was the second full year of independent operations since the Trust's formation in November 2014.

In 2016-17 the total income of the Trust amounted to £7,489,740, an increase of 13 per cent over the prior year. A breakdown of the Trust's income by source is shown in the chart below.



The Trust recorded a consolidated net surplus for the year of £225,258. This included a net surplus of £149,711 within the Trust's restricted funds for which costs will be incurred during the current or future years. Together with the brought forward funds of £725,408, the total funds at 31 March 2017 amounted to £950,666 (£688,173 unrestricted, £262,493 restricted).

The above consolidated figures include the results of the Trading Company. During the year the Trading Company recorded a net profit after tax of £179,557. This represented a substantial increase over the previous period and demonstrates the Trust's ability to enhance the commercial performance of its trading activities in order to support its core aims.

The Trust remains heavily reliant on the continuing financial support of its founding local authorities and the wider network of district and borough councils across Hampshire and East Dorset. The Trust has secured funding agreements from Hampshire County Council, Winchester City Council and certain other local authorities for the period to March 2020. These provide for core funding over this time frame.

During 2017-18 the Trust is carrying out a business review to reflect the lessons learned from the Trust's first three years of independent operations, and to identify how best to address the

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scheduled reduction in funding from local authorities from April 2018 and anticipated further reductions from April 2020.

The Trust will continue to diversify and enhance its funding from other sources. During 2016-17 the Trust secured a number of significant grants from national bodies, including Arts Council England in conjunction with Southampton City Council and other partners, and the Heritage Lottery Fund. The Trust was also successful in obtaining, and in many cases renewing, a range of smaller activity-specific grants. Further details of funding sources for 2016-17 are set out in the notes to the accounts.

Investment Policy

The Trustees regularly review the cash, investments and liquidity of the Trust. Day to day management of investments is delegated to the Executive Leadership Team in accordance with the Trust's investment policy. Funds that are surplus to short term needs are placed on interest-bearing deposit with a leading UK high street bank. Due to current economic conditions the interest rates earned are extremely low, but nonetheless interest contributes to the Trust's funds.

Principal Risks

The Trust continues to develop its framework for risk management. At present, 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. A risk register is regularly reviewed and discussed by senior management and with the Finance, Investment and Audit Committee.

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
- The economic and political environment, both locally and nationally, including changes within local government which could impact the financial support or tenancies that the Trust currently holds at its principal venues
- A decline in the quality and attractiveness of the Trust's offering to customers within a competitive local cultural market
- An event or incident at a Trust venue, which may impact a visitor, staff member or volunteer, or the infrastructure of the venue itself

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- A breach or failure of financial or operations procedures or controls, or a failure to comply with statutory or regulatory requirements

These risks are mitigated or managed through the design and implementation of the Trust's work programme. For 2016-17 this included:

- The delivery of an ambitious programme of events, activities and projects which included active strategic and operational engagement and partnership-working with local authority representatives at both operational and financial levels
- The strengthening of the Trust's Executive Leadership Team through the recruitment of an experienced Chief Operating Officer and Director of Finance and Resources
- A substantial improvement in operations and financial planning and budgeting which included a full year financial forecast at the mid-year and third quarter, with associated management initiatives and actions. Together these enabled the Trust to deliver its operational programme within the approved financial budget
- A comprehensive independent review of legal compliance and financial controls across the Trust
- Ongoing development of staff and employment policies to meet current requirements and best practices
- A review of insurance arrangements which resulted in some additional cover being taken
- Further developments of the operational risk register with a wider scope and more frequent monitoring

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

Reserves

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 an incident at the Trust's main income-generating venue, or through delays in receipt of project grants. 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.

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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
- 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 the Trustees consider an appropriate level of reserves, to be achieved over a number of years, to be £950,000. As at 31 March 2017 the Trust's total unrestricted funds were £688,173 which after deduction for amounts invested in fixed assets equates to reserves of £590,812. The accumulation of this level of reserves reflects the prudent financial management of the Trust during its first two years and five months of independent operations. The Trustees consider the current level of reserves to be adequate for the current stage in the Trust's development.

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; ensure a more diverse and resilient portfolio of funding sources; and bring the level of reserves in line with the Trust's reserves policy. The Trust's reserves policy will continue to be reviewed on an annual basis.

Plans for Future Periods

During 2017-18, we continue to deliver the Trust's vision and 2015-25 strategic plan as follows:

Hampshire Cultural Trust will change the lives of over one million people per annum by 2025

- Our visitor engagement target for 2017-18 is 720,000. Of this, 570,000 people will visit our directly managed museums and art centres, and a further 150,000 will visit the additional venues we operate in partnership with other organisations
- Our digital visits target for the year is 2.5 million

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- In the 2016-17 annual review of the Trust's strategic plans, this goal of reaching over one million people per annum was identified as an overarching goal which will be achieved through the actions identified in goals 2-5 below

Hampshire Cultural Trust will deliver vibrant world-class cultural experiences by 2025

- The exhibition programme at the flagship gallery venues across the Trust will continue to deliver exceptional quality and varied exhibitions from the team as well as exhibitions from national lenders such as the British Library, Tate and the V&A Museum. This includes exhibitions from internationally renowned print maker, Angie Lewin, and a rare outing from Tate of works by JMW Turner in our exhibition, Turner and the Sun
- The Hampshire Big Theme 2017 exhibition and events programme, Jane Austen 200: A life in Hampshire will deliver a dynamic programme of exhibitions and events to mark the 200th anniversary of Jane Austen's death. Multiple partners and stakeholders are coming together to create a nationally recognised brand, reclaiming Austen for Hampshire. The Trust's flagship exhibition, The Mysterious Miss Austen, brings together six portraits of Austen from the National Portrait Gallery and other lenders for the very first time
- Planning commences for the Hampshire Big Theme 2018, with its focus on Creative Genius
- Winchester City Museum re-opens following the refurbishment of the ground floor and the redisplay of the Roger Brown model
- The redevelopment of Westbury Manor Museum completes and opens with a remodelled and refurbished café, and enhanced family-friendly exhibitions
- Milestones Museum is the scene of a major family friendly exhibition, Time Maze Adventure, which provides an additional attraction for visitors over the summer months
- A comprehensive digital strategy has been developed and implementation commenced to include the creation of a new website that will transform customer experience and engagement with the Trust
- The Trust capital programme management expertise and capacities are being enhanced to lead on developing the ongoing programme of investment in the Trust's venue assets, to transform the quality of cultural experience
- Work continues on the development of the Trust's flagship galleries programme, and on promoting Winchester as a cultural destination including delivering a 2017 conference and scoping of the 'museum on the move' and new Anglo-Saxon museum concepts

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- Our arts centres continue to deliver a high quality, diverse programme of arts activities and performances, working within their local communities to bring nationally and internationally renowned artists to Hampshire

Hampshire Cultural Trust will improve its ability every year to inspire better life chances

- The Trust's commitment to work with criminal justice work continues through our Better Life Chances (BLC) programme. This work takes place across the county and is helping the HIOW Community Rehabilitation Company to support offenders on their journeys back into mainstream society, using culture as a tool to explore the issues and barriers they face. Related activity will support young people in care, the bereaved, NEETs and young people with mental health issues
- The BLC older people strand will look to help tackle the issue of dementia through its Mind Gains project, as well as working with issues such as isolation and ways into work for people with learning disabilities and those experiencing poor mental health
- Community-based work includes projects targeted to support victims of domestic abuse, training artists to work with vulnerable groups, and linking with military communities. We will also develop a programme of outdoor learning at Basing House, and classes and workshops in other Trust venues
- The Trust will continue to work with Hampshire County Council to strengthen the partnership arrangements for operating Wessex Dance Academy

Hampshire Cultural Trust will deliver a surplus for reinvestment throughout 2015-25

- The Trust has budgeted to achieve a modest surplus for 2017-18 in respect of its unrestricted funding and activities, and a small deficit on restricted funding activities as existing pre-funded projects approach completion. The budget includes substantial ongoing investments in business systems and in the Trust's digital strategy
- Within the framework of our review of the Trust's strategic plan, we will develop our five year financial projections. This will be informed by the outcome of key Arts Council England and Heritage Lottery Fund applications in July 2017, and negotiations during 2017-18 with Hampshire County Council and Winchester City Council regarding core grants for the period 2020-21 to 2022-23
- Implementation of the Trust's digital strategy will transform its e-commerce and advance ticket booking systems, and support efficient collection and reporting of accurate business data

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- The Trading Company will continue to increase revenue streams in retail and catering through phased improvements in infrastructure and training
- Admissions will continue to provide our largest earned income stream, and new opportunities will be developed at Milestones to optimise these returns whilst ensuring reasonable access
- Work continues to develop the appropriate culture, skill sets and infrastructure for securing income from philanthropic streams, as a fundamental part of our fundraising strategy
- The Trust completing its compliance and governance reviews and set out its action plan for getting the Trust to a position of best practice
- Management information systems and reporting are being further developed to enable timely and effective performance management

Hampshire Cultural Trust will be a great place to work for staff and volunteers

- Effective and inclusive internal communications are being developed across the Trust. Interactions will be provided that are informative, useful and engaging at an appropriate level to all our people
- Learning opportunities and content are being provided to support managers make the Trust a great place to work and volunteer, and ensure our people have a positive, fair and engaging experience during their time with the Trust
- We are introducing and facilitating activities to develop talent and a sense of team across the Trust

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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 8RB
Contact details	Chilcomb reception 01962 678140 www.hampshireculturaltrust.org.uk
Directors and Trustees (all of whom served throughout the year)	Alan Lovell (Chairman) Rachel Bebb Robert Boyle Douglas Connell Yinnon Ezra Helen Jackson Tracy Osborn Cllr Roy Perry Clare Scheckter Michael Southgate Michael Wright
Chief Executive	Dr Janet Owen
Company Secretary	Charlie Inigo-Jones
Auditors	Compass Accountants Limited Venture House, The Tanneries, Titchfield PO14 4AR
Principal Bankers	NatWest Bank 105 High Street, Winchester SO23 9AW
Solicitors	Paris Smith LLP 11 London Road, Southampton SO15 2AE Trethrowans LLP The Pavillion, Botleigh Grange Business Park, Hedge End, Southampton SO30 2AF

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Structure, governance and management

Constitution

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. The Trust is also registered with the Charities Commission.

The Trust is governed in accordance with its Memorandum and Articles of Association. The Articles of Association were last amended by a special resolution on 11 July 2014. Copies can be obtained from the Company Secretary at the Trust’s registered address.

The Trust operates 18 museums and galleries, three arts centres, and Wessex Dance Academy and Hampshire Wardrobe on behalf of HCC and WCC, and is responsible for managing and curating their museums’ collections.

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.

Appointment of Trustees

Members elected to serve on the Board of Trustees have a dual role as a Trustee of the charity and a Director of the company. There can be no fewer than three and no more than twelve 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 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.

Management and decision making

The Board of Trustees is the strategic decision making body of the charity, and is responsible for setting the charity’s objectives and for ensuring they are achieved. Day to day management of the Trust and the Trading Company is delegated to the Chief Executive and Executive Leadership Team in accordance with the Trust’s Scheme of Delegation.

The Executive Leadership Team comprises the Chief Operating Officer, the Director of Finance and Resources, and the Director of Communications and Development. In July 2017 a Capital Programmes Director joined this team.

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The Board meets generally six times per year on a bi-monthly basis 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 and the HR and Remuneration Committee. There are two additional Trustee-led working groups for Better Life Chances and for Collections, Research and Partnerships. These committees and working groups do not have delegated or executive authorities but provide guidance to the main Board, and support the senior management of the charity in their work.

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 Executive 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.

All members of the Board of Trustees are volunteers 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.

Hampshire Cultural Trust

Company number: 08986225

Statement of Trustees'/ Directors' responsibilities in relation to the financial statements for the year ended 31 March 2017

The Board of Trustees (who are also Directors of the Hampshire Cultural Trust for the purposes of company law) is responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with the requirements of 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 (Charities SORP FRS102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

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 company and of the incoming resources and application of resources, including the income and expenditure, of the 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 method and principles of the Charities SORP
- Make judgements and estimates on a reasonable and prudent basis
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in operation

The Trustees are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 2006 and the Statement of Recommended Practice on Accounting and Reporting by Charities (SORP). They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



AC Lovell

Date: 13 November 2017

Hampshire Cultural Trust

Company number: 08986225

Independent auditors' report to the Trustees of Hampshire Cultural Trust

We have audited the financial statements of Hampshire Cultural Trust for the year ended 31 March 2017 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheet, the Cashflow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 regulations made under section 154 of the Charities Act 2011. 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 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 and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also Directors 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.

We have been appointed as auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information

Hampshire Cultural Trust

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that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for qualified opinion on financial statements

With respect to stock having a brought forward amount of £103,935 (restated), the audit evidence available to us was limited because we did not observe the counting of the physical stock as at 31 March 2015, since that date was prior to our appointment as auditor of the group. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the stock quantities by using other audit procedures.

Opinion on financial statements

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraph, the financial statements:

- Give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017 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 (applicable to smaller entities); and
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to stock, described above:

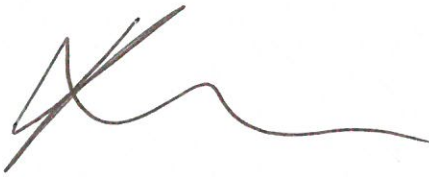
- We have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- We were unable to determine whether adequate accounting records had been kept.

Hampshire Cultural Trust

Company number: 08986225

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

- The parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Trustees' remuneration specified by law are not made.



**Kerry Lawrance FCA (Senior Statutory Auditor)
For and on behalf of Compass Accountants Limited, Statutory Auditor
Chartered Accountants and Registered Auditors**

**The Tanneries
East Street
Titchfield
PO14 4AR**

Date: 6 DECEMBER 2017

Hampshire Cultural Trust

Company number: 08986225

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

For the year ended 31 March 2017

	Notes	Unrestricted funds £	Restricted funds £	2017 Total £	Unrestricted funds £	Restricted funds £	2016 Total £
Income from:							
Donations and grants	2	4,012,185	1,326,990	5,339,175	4,484,222	-	4,484,222
Income from charitable activities	3	1,268,422	-	1,268,422	1,262,282	-	1,262,282
Income from other trading activities:							
Income of Trading Company	4	779,959	-	779,959	728,897	-	728,897
Investment income	5	21,515	-	21,515	15,494	-	15,494
Other income	6	80,669	-	80,669	130,947	-	130,947
Total income		<u>6,162,750</u>	<u>1,326,990</u>	<u>7,489,740</u>	<u>6,621,842</u>	<u>-</u>	<u>6,621,842</u>
Expenditure							
Costs of raising funds:							
Fundraising and publicity		34,083	22,290	56,373	-	-	-
Expenses of Trading Company	4	600,403	-	600,403	597,235	-	597,235
Expenditure on charitable activities	7	5,452,717	1,154,989	6,607,706	5,918,828	85,682	6,004,510
Total expenditure		<u>6,087,203</u>	<u>1,177,279</u>	<u>7,264,482</u>	<u>6,516,063</u>	<u>85,682</u>	<u>6,601,745</u>
Net income/(expenditure) and and net movement in funds		75,547	149,711	225,258	105,779	(85,682)	20,097
Reconciliation of funds							
Total funds brought forward		612,626	112,782	725,408	540,656	198,464	739,120
Prior year adjustment		-	-	-	(33,809)	-	(33,809)
Restated total funds brought forward		<u>612,626</u>	<u>112,782</u>	<u>725,408</u>	<u>506,847</u>	<u>198,464</u>	<u>705,311</u>
Total funds carried forward		<u>688,173</u>	<u>262,493</u>	<u>950,666</u>	<u>612,626</u>	<u>112,782</u>	<u>725,408</u>

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

All transactions are derived from continuing activities.

The notes on pages 29 to 43 form an integral part of these financial statements

Hampshire Cultural Trust

Company number: 08986225

Balance Sheet Consolidated as at 31 March 2017

	Notes	£	2017 £	£	2016 £
Fixed assets					
Intangible assets	10		2		2
Tangible assets	11		97,359		89,069
			<u>97,361</u>		<u>89,071</u>
Current assets					
Stocks	13	86,240		81,749	
Debtors	14	596,273		395,119	
Cash at bank and in hand		1,042,666		3,743,892	
		<u>1,725,179</u>		<u>4,220,760</u>	
Creditors: amounts falling due within one year	15	(871,874)		(3,584,423)	
Net current assets			<u>853,305</u>		<u>636,337</u>
Total assets less current liabilities			<u>950,666</u>		<u>725,408</u>
Net assets			<u>950,666</u>		<u>725,408</u>
Funds					
Unrestricted income funds			484,755		514,792
Restricted income funds	17		262,493		112,782
Non Charitable Trading funds			203,418		97,834
			<u>950,666</u>		<u>725,408</u>
Total funds			<u>950,666</u>		<u>725,408</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 29 September 2017 and signed on its behalf by



AC Lovell
On behalf of the Board of Trustees

The notes on pages 29 to 43 form an integral part of these financial statements

Hampshire Cultural Trust

Company number: 08986225

Balance Sheet

as at 31 March 2017

Company number: 08986225

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Intangible assets	10		2		2
Tangible assets	11		77,022		59,163
Investments	12		1,000		1,000
			<u>78,024</u>		<u>60,165</u>
Current assets					
Debtors	14	572,038		352,970	
Cash at bank and in hand		<u>1,028,025</u>		<u>3,738,627</u>	
		1,600,063		4,091,597	
Creditors: amounts falling due within one year	15	<u>(930,839)</u>		<u>(3,524,188)</u>	
Net current assets			<u>669,224</u>		<u>567,409</u>
Net assets			<u>747,248</u>		<u>627,574</u>
Funds					
Unrestricted income funds			484,755		514,792
Restricted income funds	17		262,493		112,782
Total funds			<u>747,248</u>		<u>627,574</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 29 September 2017 and signed on its behalf by



AC Lovell

On behalf of the Board of Trustees

The notes on pages 29 to 43 form an integral part of these financial statements

Hampshire Cultural Trust

Company number: 08986225

Cashflow statement for the year ended 31 March 2017

	Notes	Group 2017 £
Cashflows from operating activities:		
Net cash provided by (used in) operating activities		(2,627,313)
Cashflows from investing activities		
Bank interest received		(21,515)
Purchase of fixed assets		(52,398)
Cash used in investing activities		<u>(73,913)</u>
Increase/(Decrease) in cash and cash equivalents in the year		<u>(2,701,226)</u>
Cash and cash equivalents at the beginning of the year		3,743,892
Total cash and cash equivalents at the end of the year		<u><u>1,042,666</u></u>
Reconciliation of Changes in Resources to Net Cashflow From Operating Activities		
Net income for the reporting period (as per the statement of financial activities)		225,258
Depreciation	11	44,108
Investment income and interest received		21,515
(Increase)/Decrease in stocks	13	(4,491)
(Increase)/Decrease in debtors	14	(201,154)
Increase/(Decrease) in creditors	15	(2,712,549)
Net cash provided by (used in) operating activities		<u><u>(2,627,313)</u></u>

The core grant from Hampshire County Council relating to the 2016-17 year was received shortly before the prior year end, and therefore treated as deferred income at 31 March 2016 (see note 15). The corresponding grant for the 2017-18 year was received after 31 March 2017. This is reflected in the significant negative net cash from operating activities during the year, but does not represent the Trust's underlying operating position.

The notes on pages 29 to 43 form an integral part of these financial statements

Hampshire Cultural Trust

Company number: 08986225

Notes to financial statements for the year ended 31 March 2017

I. Accounting Policies

I.1. Charity information

The 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.

The Hampshire Cultural Trust meets the definition of a public benefit entity under section 34 of FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value, unless otherwise stated in the relevant accounting policy.

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

I.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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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.

I.3. Income

Voluntary income and donations are accounted for as receivable by the Trust. No permanent endowments have been received in the year.

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

There is deferred income of £77,651 which comprises of advanced box office workshops and tickets sales.

I.4. Grants receivable

Revenue grants are credited to incoming resources on the earlier date of when they are received or when they are receivable, unless they relate to a specified future period, in which case they are deferred.

Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable. Depreciation on the fixed assets purchased with such grants is charged against the restricted fund.

I.5. Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered.

Hampshire Cultural Trust

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Notes to financial statements for the year ended 31 March 2017

1.6. Basis of allocation

Costs of generating funds comprise costs incurred in encouraging people and organisations to contribute financially to the charity's work.

Charitable expenditure includes expenditure associated with Public Programmes, Collection, Venues, Business Development, and Projects, and includes costs directly attributable to each activity.

1.7. Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures, fittings and equipment - 25% straight line

1.8. Restricted funds

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

1.9. Leased assets

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

1.10. 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 when the company 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.

The Trust's financial assets and liabilities consist of cash and cash equivalents, short term investments, trade debtors, trade creditors and accrued expenses. The fair value of these items approximates their carrying value due to their short term value. Unless otherwise noted, the Trust is not exposed to significant interest, foreign exchange or credit risks arising from these instruments.

Term deposits of less than one year are classified as investments within current assets.

Investments are revalued at the market value at the balance sheet date and the gain or loss taken to the Statement of Financial Activities.

Hampshire Cultural Trust

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Notes to financial statements for the year ended 31 March 2017

1.11. Stocks

Stocks are valued at the lower of cost (or at net current replacement cost, if materially different) and net realisable value after making due allowance for obsolescence and slow moving items.

1.12. Intellectual property

Intellectual property is valued at cost.

1.13. Pensions

Retirement 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 benefit scheme. The Trust joined the Fund on 1 November 2014 and is pooled with other employers for funding purposes. At the triennial actuarial funding valuation the assets of the Fund are notionally allocated, and are not attributed to the individual employers within the Group.

The 'Commercial Transfer Agreement' (CTA) between Hampshire County Council and the 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, therefore, no responsibility for those contributions has been transferred to the Trust.

In addition to this, subject to a number of specific terms and conditions, the CTA states that the Council shall fund or reimburse the Trust for any contributions made and deficit paid by the Trust, in respect of those employees transferred at 1 November 2014, which relate to the Council liability period. The liability period is defined in the agreement as being the earlier of:

- a) twenty five years from 1 November 2014; or
- b) the date the Council ceases to provide funding under the 'Management and Funding Agreement'; or
- c) the date upon which the 'Management and Funding Agreement' is terminated.

The Trust's share of the Fund's assets are measured at fair value at the balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net liability has not been recognised as a liability on the balance sheet as, legally, it is not a liability of the Trust during the Council liability period.

The LGPS was valued at 31 March 2016 by an independent actuary using a market led approach, with the revised rates of contribution being payable from 1 April 2017. The next valuation date is 31 March 2019 with revised contributions being payable from 1 April 2020.

Hampshire Cultural Trust

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Notes to financial statements for the year ended 31 March 2017

1.14. Transition to FRS102

These financial statements are the first financial statements of Hampshire Cultural Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS102). The financial statements of Hampshire Cultural Trust for the year ended 31 March 2016 were prepared in accordance with the Financial Reporting Standard for Smaller Entities April 2008. The transition date to FRS102 is 1 April 2015.

Some of FRS102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from the Financial Reporting Standard for Smaller Entities April 2008. Consequently, the Directors have amended certain accounting policies to comply with FRS102. The Directors have also taken advantage of certain exemptions from the requirements of FRS102 permitted by FRS102 Chapter 35 'Transition to this FRS'.

It has not been necessary to restate the comparative figures as the Directors have taken advantage of exemptions or retrospective application of FRS102 permitted by FRS102 Chapter 35 'Transition to this FRS'.

Hampshire Cultural Trust

Company number: 08986225

Notes to financial statements for the year ended 31 March 2017

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	31/03/17 Total	31/03/16 Total
	£	£	£	£
Hampshire County Council	2,881,027	30,000	2,911,027	2,867,838
Winchester City Council	360,194	42,000	402,194	400,492
	<u>3,241,221</u>	<u>72,000</u>	<u>3,313,221</u>	<u>3,268,330</u>
Other grants:				
Basingstoke & Deane Borough Council	212,410	10,000	222,410	216,745
Winchester City Council re Roger Brown model	22,000	20,000	42,000	-
Bursledon Borough Council	2,672	-	2,672	-
Christchurch Borough Council	50,064	-	50,064	50,000
Dorset County Council	50,064	-	50,064	50,064
Gosport Borough Council	67,500	-	67,500	72,712
Eastleigh Borough Council	55,291	-	55,291	56,342
Fareham Borough Council	64,530	-	64,530	100,525
Heritage Lottery Fund	-	236,977	236,977	85,432
Rushmoor Borough Council	44,224	-	44,224	66,026
Arts Council England funding	-	422,232	422,232	213,919
Lymington Museum Trust	78,147	-	78,147	36,815
New Forest District Council	19,000	-	19,000	-
East Hampshire District Council	11,000	-	11,000	11,000
Raising Aspirations in Rushmoor	-	18,061	18,061	-
Hampshire Learning grant	-	-	-	19,099
Ambassador Scheme	28,588	-	28,588	43,352
Corporate Partner	5,000	-	5,000	10,000
Hampshire Futures	(522)	-	(522)	53,498
Southampton City Council	-	10,000	10,000	-
Dinosaurs digital platform	-	-	-	15,000
Paul Hamlyn Foundation	-	87,500	87,500	-
MOD Better Chances	-	20,000	20,000	-
Youth Better Life Chances	-	31,600	31,600	-
The British Museum Portable Antiquities Scheme	-	43,803	43,803	28,778
Wessex Dance Academy	-	47,149	47,149	-
One Community	-	-	-	5,000
Tesco - groundwork at Bursledon	-	10,000	10,000	-
Wolfson Trust	-	-	-	7,218
Arts Council – Museums Development Programme	-	193,527	193,527	18,139
Other grants	20,834	43,566	64,400	14,579
	<u>3,972,023</u>	<u>1,263,040</u>	<u>5,235,063</u>	<u>4,442,573</u>

Hampshire Cultural Trust

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Notes to financial statements for the year ended 31 March 2017

Other donations:

University of Winchester	-	20,000	20,000	-
Jane Austen Sculpture	-	40,575	40,575	-
Contribution towards AEA Performing Arts study	-	-	-	15,000
Contribution towards feasibility study	-	-	-	1,000
Miscellaneous donations	40,162	-	40,162	25,649
	<u>4,012,185</u>	<u>1,326,990</u>	<u>5,339,175</u>	<u>4,484,222</u>

3. Activities for generating funds

	Unrestricted funds £	2017 £	Unrestricted funds £	2016 £
Admissions	687,051	687,051	679,281	679,281
Membership fees	31,381	31,381	25,115	25,115
Courses & tuition fees	39	39	17,563	17,563
Tickets	184,961	184,961	169,083	169,083
Box office performances	224,767	224,767	247,170	247,170
Box office events	72,162	72,162	-	-
Booking fees	3,960	3,960	-	-
General lettings	64,101	64,101	124,070	124,070
	<u>1,268,422</u>	<u>1,268,422</u>	<u>1,262,282</u>	<u>1,262,282</u>

Hampshire Cultural Trust

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Notes to financial statements for the year ended 31 March 2017

4. Income and expenses from trading activities of subsidiaries

The charity has a wholly owned trading subsidiary which is incorporated in the United Kingdom. Hampshire Cultural Trust Limited operates the retail and catering activities of the Trust.

The company transfers its taxable profits to the Hampshire Cultural Trust by way of Gift Aid. A summary of its trading results for the period from 1 April 2016 to 31 March 2017 is shown below. Audited accounts have been filed with Registrar of Companies.

Profit and loss account	31/03/17	31/03/16
	£	£
Turnover	671,754	635,928
Cost of sales	(321,374)	(356,311)
Gross profit	350,380	279,617
Administrative expenses	(280,941)	(234,943)
	69,439	44,674
Other operating income	108,204	92,969
Net profit before tax	177,643	137,643
Tax on ordinary activities	1,914	(5,981)
Net profit after tax	179,557	131,662
Amount gifted to Hampshire Cultural Trust	(73,973)	(112,593)
Retained profit for the period	105,584	19,069
Retained profit brought forward	97,834	78,765
Retained profit carried forward	203,418	97,834
Balance sheet		
Assets	331,769	228,627
Liabilities	(127,351)	(129,793)
Net assets	204,418	98,834
Called up Ordinary Share Capital	1,000	1,000
Profit and loss account	203,418	97,834
Capital and reserves	204,418	98,834

Hampshire Cultural Trust

Company number: 08986225

Notes to financial statements for the year ended 31 March 2017

5. Investment income

	Unrestricted funds £	2017 £	Unrestricted funds £	2016 £
Investment income	21,515	21,515	15,494	15,494
	<u>21,515</u>	<u>21,515</u>	<u>15,494</u>	<u>15,494</u>

6. Other income

	Unrestricted funds £	2017 £	Unrestricted funds £	2016 £
Other income	80,669	80,669	130,947	130,947
	<u>80,669</u>	<u>80,669</u>	<u>130,947</u>	<u>130,947</u>

Other income is primarily from room hire and subletting.

7. Costs of charitable activities - by fund type

	Unrestricted funds £	Restricted funds £	2017 Total £	Unrestricted funds £	Restricted funds £	2016 Total £
Public programmes	233,301	274,002	507,303	814,718	-	814,718
Collections	601,194	38,543	639,737	628,150	-	628,150
Venues	2,294,141	10,000	2,304,141	2,287,017	-	2,287,017
Business development	1,693,199	193,527	1,886,726	1,874,146	-	1,874,146
Projects	630,882	638,917	1,269,799	314,797	85,682	400,479
	<u>5,452,717</u>	<u>1,154,989</u>	<u>6,607,706</u>	<u>5,918,828</u>	<u>85,682</u>	<u>6,004,510</u>

In the above Business Development includes the costs of central functions such as marketing, finance, HR & IT as well as the senior management team and grant-funded Museums Development Programme. Projects includes the costs of the Trust's Better Life Chances programmes, major museum refurbishment and planning for future cultural investments in Winchester and exhibitions and development of the Flagship Galleries Network.

Hampshire Cultural Trust

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Notes to financial statements for the year ended 31 March 2017

8. Auditors' remuneration

	2017	2016
	£	£
Auditors' remuneration - audit of the financial statements	<u>10,250</u>	<u>2,500</u>
Auditors' remuneration - other fees: Preparation of accounts	<u>4,000</u>	<u>3,650</u>

9. Employees

	2017	2016
	£	£
Employment costs		
Wages and salaries	3,338,993	3,230,479
Redundancy payments	29,341	-
Social security costs	277,121	224,663
Pension costs	<u>333,114</u>	<u>323,172</u>
	<u>3,978,569</u>	<u>3,778,314</u>

Key management personnel

Employee benefits received by key management personnel totalled £246,824 for the year to 31 March 2017.

The key management personnel in the year were the Chief Executive, Chief Operating Office, Director of Finance and Resources and Director of Communications and Development.

Higher paid employees

The number of employees who earned more than £60,000 during the year were as follows:

	2017	2016
£60,001 to £70,000	1	-
£70,001 to £80,000	<u>1</u>	<u>2</u>

The number of higher paid employees accruing pension benefit during the year was as follows:

	2017	2016
Defined benefits scheme	<u>2</u>	<u>1</u>

The total contributions paid by the charity into the defined benefits scheme for higher paid employees was £15,632 (2016: £10,218).

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Notes to financial statements for the year ended 31 March 2017

Number of employees

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

	2017	2016
Cost of generating funds	2	-
Charitable expenditure	212	179
	<u>214</u>	<u>179</u>

No Trustees received remuneration during the period. One Trustee was reimbursed £441 (2016: £2,237) for travelling expenses.

10. Intangible fixed assets

	Intellectual property £	Total £
Cost		
At 1 April 2016 and At 31 March 2017	2	2
Net book values		
At 31 March 2017	2	2
At 31 March 2016	2	2

11. Tangible fixed assets

Group	Plant and Machinery £	Computer Equipment £	Fixtures & Fittings £	Total £
Cost				
At 1 April 2016	4,300	17,583	99,913	121,796
Additions	-	-	52,398	52,398
At 31 March 2017	<u>4,300</u>	<u>17,583</u>	<u>152,311</u>	<u>174,194</u>
Depreciation				
At 1 April 2016	1,075	5,855	25,797	32,727
Charge for the year	1,075	5,855	37,178	44,108
At 31 March 2017	<u>2,150</u>	<u>11,710</u>	<u>62,975</u>	<u>76,835</u>
Net book values				
At 31 March 2017	<u>2,150</u>	<u>5,873</u>	<u>89,336</u>	<u>97,359</u>
At 31 March 2016	<u>3,225</u>	<u>11,728</u>	<u>74,116</u>	<u>89,069</u>

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Notes to financial statements for the year ended 31 March 2017

<u>Trust</u>	Fixtures & Fittings	Total
	£	£
Cost		
At 1 April 2016	82,321	82,321
Additions	52,398	52,398
At 31 March 2017	<u>134,719</u>	<u>134,719</u>
Depreciation		
At 1 April 2016	23,158	23,158
Charge for the year	34,539	34,539
At 31 March 2017	<u>57,697</u>	<u>57,697</u>
Net book values		
At 31 March 2017	<u>77,022</u>	<u>77,022</u>
At 31 March 2016	<u>59,163</u>	<u>59,163</u>

12. Fixed asset investments

<u>Trust</u>	Unlisted	Total
	£	£
Market value or cost at 1 April 2016	1,000	1,000
Net unrealised gains / (losses)	-	-
Market value or cost at 31 March 2017	<u>1,000</u>	<u>1,000</u>
Historic cost at 31 March 2017	<u>1,000</u>	<u>1,000</u>
Market value or cost at 31 March 2016	<u>1,000</u>	<u>1,000</u>
Historic cost at 31 March 2016	<u>1,000</u>	<u>1,000</u>

Unlisted investments represent 100% of the issued share capital of Hampshire Cultural Trust Trading Limited, a company registered in England and Wales. The company registration number for Hampshire Cultural Trust Trading Limited is 09257219.

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Notes to financial statements for the year ended 31 March 2017

13. Stocks

	2017		2016	
	Charity £	Group £	Charity £	Group £
Goods for resale	-	86,240	-	81,749
	<u>-</u>	<u>86,240</u>	<u>-</u>	<u>81,749</u>
	<u>-</u>	<u>86,240</u>	<u>-</u>	<u>81,749</u>

14. Debtors

	2017		2016	
	Charity £	Group £	Charity £	Group £
Amounts due within 1 year:				
Trade debtors	254,143	275,055	183,120	225,269
Accrued income	250,082	250,082	51,750	51,750
Other debtors and prepayments	67,813	71,136	118,100	118,100
	<u>572,038</u>	<u>596,273</u>	<u>352,970</u>	<u>395,119</u>
	<u>572,038</u>	<u>596,273</u>	<u>352,970</u>	<u>395,119</u>

15. Creditors: amounts falling due within one year

	2017		2016	
	Charity £	Group £	Charity £	Group £
Trade creditors	345,260	383,829	310,259	367,072
Other taxes and social security	70,566	81,804	65,920	57,421
Other creditors and accruals	251,046	328,590	123,792	196,771
Deferred income	77,651	77,651	2,963,159	2,963,159
Intercompany account	186,316	-	61,058	-
	<u>930,839</u>	<u>871,874</u>	<u>3,524,188</u>	<u>3,584,423</u>
	<u>930,839</u>	<u>871,874</u>	<u>3,524,188</u>	<u>3,584,423</u>

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Notes to financial statements for the year ended 31 March 2017

16. Analysis of net assets between funds

Group

	Unrestricted funds	Restricted funds	Total funds
	£	£	£
Fund balances at 31 March 2017 as represented by:			
Intangible fixed assets	2	-	2
Tangible fixed assets	97,359	-	97,359
Current assets	1,462,686	262,493	1,725,179
Current liabilities	(871,874)	-	(871,874)
	<u>688,173</u>	<u>262,493</u>	<u>950,666</u>

Charity

	Unrestricted funds	Restricted funds	Total funds
	£	£	£
Fund balances at 31 March 2017 as represented by:			
Intangible fixed assets	2	-	2
Tangible fixed assets	77,022	-	77,022
Investment assets	1,000	-	1,000
Current assets	1,337,570	262,493	1,600,063
Current liabilities	(930,839)	-	(930,839)
	<u>484,755</u>	<u>262,493</u>	<u>747,248</u>

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Notes to financial statements for the year ended 31 March 2017

17. Restricted funds

	1 April 2016	Incoming	Outgoing	31 March 2017
	£	£	£	£
Childhood Legacy Collection	90,000	-	-	90,000
Hampshire County Council re Wolfson Trust	22,782	-	-	22,782
Hampshire County Council	-	50,000	46,080	3,920
Winchester City Council	-	42,000	42,000	-
Basingstoke & Deane Borough Council	-	10,000	6,080	3,920
Heritage Lottery Fund	-	236,977	185,377	51,600
Arts Council England	-	422,232	419,687	2,545
Raising Aspirations in Rushmoor	-	18,061	18,061	-
Southampton City Council	-	10,000	6,080	3,920
Paul Hamlyn Foundation	-	87,500	35,415	52,085
MOD Better Chances	-	20,000	15,500	4,500
Youth Better Life Chances	-	31,600	25,600	6,000
Portable Antiquities Scheme	-	43,803	38,143	5,660
Wessex Dance Academy	-	47,149	47,149	-
Tesco - groundworks at Bursledon	-	10,000	10,000	-
Arts Council – Museums Development Programme	-	193,527	193,527	-
University of Winchester - Winchester City Project	-	20,000	20,000	-
Jane Austen Sculpture	-	40,575	40,575	-
Other grants	-	43,566	28,005	15,561
	<u>112,782</u>	<u>1,326,990</u>	<u>1,177,279</u>	<u>262,493</u>

The Childhood Legacy Collection represents a bequest from the late Mr William Simpson for the maintenance and upkeep of the childhood collection at Milestones Museum.

The Hampshire County Council re Wolfson Trust grant represents a grant from Hampshire County Council to match a grant from the Wolfson Trust for lighting projects.

The other grant from Hampshire County Council is their contribution to the refurbishment of the Roger Brown model and the Winchester Project.

The Winchester City Council contributions represent a grant for the refurbishment of the Roger Brown model to be exhibited at the Winchester City Museum.

The Flagship Gallery Network has received funding for its development and delivery from Basingstoke and Deane Borough Council, Hampshire County Council, the University of Southampton and Portsmouth City Council. The network covers venues across Hampshire.

The Heritage Lottery Fund represents grants relating to the Heritage Lottery Fund Catalyst project, a contribution to the Westbury Manor Refurbishment project and grants for the Young Roots projects.

The Arts Council grants represent grants for the ACE Kick Start Programme, the Reaching Out programme and Museum Resilience Fund programme.

The Raising Aspirations in Rushmoor grant relates to a grant received from Arts Council England for Better Life Chances projects in the Rushmoor area.

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Notes to financial statements for the year ended 31 March 2017

The Southampton City Council grant relates to a contribution in respect of the areas within Arts Council England Museum Resilience Fund 2 programme where Hampshire Cultural Trust is the resourcing lead.

The grant from the Paul Hamlyn Foundation relates to the Education and Learning through the Arts Fund supporting the Horizon 20:20 project.

The Ministry of Defence grant relates to the covenant fund for the Gurkha Connections project.

The amounts received in relation to the Better Life Chances Youth projects relate to grants received from Wet Picnic Limited, Hampshire Futures, Artswork, The Police and Crime Commission and Sussex Partners NHS.

The Portable Antiquities Scheme relates to a grant received from the British Museum. The Portable Antiquities Scheme is a scheme for the recording of archaeological objects found by members of the public. The scheme was established to promote the recording of chance finds and to broaden public awareness of the importance of such objects for understanding our past.

The Wessex Dance Academy grant relates to a rebate from Hampshire County Council in relation to expenses incurred running the Wessex Dance Academy for quarter 4 of the financial year 2016-17.

The Tesco grant relates to a grant received from Tesco 'Bags of Help' initiative. This grant is for groundworks at Bursledon Windmill.

Arts Council England have awarded the South East Museums Development consortia, through the Royal Pavilion and Museums, a grant to run museum development for the South East region. This grant is administered by Brighton and Hove Borough Council.

The University of Winchester made a contribution to the Winchester Royal City Project.

The Jane Austen sculpture income relates to donations received from funders for the Jane Austen Statue project as part of Jane Austen 200. The statue is due to be completed in the financial year 2017-18.

Other grants include funding from Artswork, Test Valley Borough Council, Leeds Council from the John Ellerman Foundation, Healthwatch Hampshire, The Community Rehabilitation Company, NADFAS and The Four Lanes Trust.

18. Commitments and contingent liabilities

Neither the Trust or group had any capital commitments or contingent liabilities at 31 March 2017.

19. Other related party transactions

Grant funding received from Hampshire County Council and Winchester City Council is detailed in note 2 to the accounts.

20. 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 as at 31 March 2017.

21. Ultimate controlling party

The ultimate controlling party is the Board of Trustees.

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The following pages do not form part of the statutory accounts.

Hampshire Cultural Trust

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Statement of financial activities (Charity only)

For the year ended 31 March 2017

	Notes	Unrestricted funds £	Restricted grant £	2017 Total £	2016 Total £
Incoming resources					
Incoming resources from generating funds:					
Donations and grants	2	4,012,185	1,323,615	5,335,800	4,484,222
Legacies		-	-	-	-
Investment income	5	21,515	-	21,515	15,494
Gift aid from trading subsidiary		73,972	-	73,972	112,593
Incoming resources from charitable activities:					
Charitable activities	3	1,268,422	-	1,268,422	1,262,282
Other incoming resources	6	80,669	-	80,669	130,947
Total incoming resources		<u>5,456,763</u>	<u>1,323,615</u>	<u>6,780,378</u>	<u>6,005,538</u>
Resources expended					
Fundraising trading:					
cost of goods sold and other costs		34,083	22,290	56,373	-
Charitable expenditure:					
Charitable activities	7	<u>5,452,717</u>	<u>1,151,614</u>	<u>6,604,331</u>	<u>6,004,510</u>
Total resources expended		<u>5,486,800</u>	<u>1,173,904</u>	<u>6,660,704</u>	<u>6,004,510</u>
Net incoming resources		(30,037)	149,711	119,674	1,028
Total funds brought forward		<u>514,792</u>	<u>112,782</u>	<u>627,574</u>	<u>626,546</u>
Total funds carried forward		<u>484,755</u>	<u>262,493</u>	<u>747,248</u>	<u>627,574</u>

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

All transactions are derived from continuing activities.

