

# The Wordsworth Trust

## Trustees' report and financial statements

Registered charity number 1066184

Registered company number 3442086

31 December 2010



WORDSWORTH TRUST

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## Trustees' report

The trustees are pleased to present their report together with the audited financial statements for the year ended 31 December 2010. The report and statements have been prepared in accordance with the Statement of Recommended Practice for Accounting and Reporting by Charities (revised 2005) and the Companies Acts 2006. The Wordsworth Trust is a company limited by guarantee (hereafter referred to as "the charitable company") and is registered with the Charity Commission. The charitable company is governed by its Memorandum and Articles of Association. The Trust was incorporated on 30 September 1997.

## Reference and administration

|                             |  |
|-----------------------------|--|
| Charity registration number | 1066184                                |
| Company registration number | 3442086                                |
| Royal Patron                | His Royal Highness the Prince of Wales |
| Hon. President              | Mrs Pamela Woof FRSL                   |
| Chairman                    | The Rt Hon Lord Smith of Finsbury PC   |
| Hon. Treasurer              | John Collier FCA                       |
| The Robert Woof Director    | Michael McGregor FRSA                  |
| Company Secretary           | Adrian Cowl ACMA                       |

### *Trustees who served during the year*

Mrs Eileen Ainscough  
Sir Geoffrey Bindman QC  
Sir John Boyd KCMG  
Mrs Mary Chuck (appointed 17 March 2010)  
Mr John Collier FCA  
Professor Stephen Gill  
Mr Laurence Harwood OBE, FRICS  
Professor David McKitterick FBA, D Litt  
Mrs Diana Matthews JP  
Dr Lucy Peltz  
Dr Seamus Perry  
The Rt Hon Lord Smith of Finsbury PC  
Mr Tim Sturgis (retired 17 March 2010)  
Ms Jenny Uglow OBE

The trustees are the members of the charitable company and act as Directors for the purposes of company law. In the event of the charitable company being wound up, the guarantee of each member is limited to £1.

In accordance with the Articles of Association, the following trustees will retire by rotation and, being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting:

Sir John Boyd KCMG  
Mr John Collier FCA  
Professor Stephen Gill  
Dr Lucy Peltz

**Trustees' report** *(continued)*

**Reference and administration** *(continued)*

*Principal advisors*

**Principal solicitors** Bates, Wells & Braithwaite  
2-6 Cannon Street  
London  
EC4M 6YH

**Principal bankers** Barclays Bank plc  
Barclays House  
Oxenholme Road  
Kendal  
LA9 7RL

**Investment advisors** Cazenove Capital Management Limited  
12 Moorgate  
London  
EC2R 6DA

**Registered auditors** KPMG LLP  
Edward VII Quay  
Navigation Way  
Ashton-on-Ribble  
Preston  
PR2 2YF

**Registered address** Dove Cottage  
Grasmere  
Cumbria  
LA22 9SH

## Trustees' report *(continued)*

### Public Impact

|  | 2010   | 2009   |      |
|--|--------|--------|------|
| Visitors to Dove Cottage and the Wordsworth Museum                 | 54,294 | 54,842 | -1%  |
| Young people taking part in formal workshops and activities        | 2,876  | 2,281  | +26% |
| Young people taking part in informal family activities             | c 300  | c 250  | +20% |
| Scholars and students using research facilities                    | 180    | 211    | -15% |
| People attending talks, poetry readings and other events           | 3,872  | 3,558  | +9%  |
| Poets and artists commissioned                                     | 2      | 3      | -33% |
| People gaining access to educational material (publication sales)  | 7,001  | 9,138  | -23% |
| Interns receiving full-time vocational training (starting in year) | 10     | 10     | -    |

### Objectives and activities

The Wordsworth Trust was founded in 1891 to secure Dove Cottage, in the words of its first trustees, "for the eternal possession of those who love English poetry all over the world" Today, its aims are

- To provide a living memorial to William Wordsworth and his contemporaries through the preservation of Dove Cottage and its environs, and the preservation and development of the permanent collection, and
- To advance the public knowledge and enjoyment of the works of William Wordsworth and the literature and culture of the Romantic period (c 1750-1850) through a wide range of public activities

The Wordsworth Trust's aims are the same in their intent as its registered objects, set out in its Memorandum and Articles of Association They provide public benefit through the advancement of education, and of the arts, heritage and culture, and therefore meet the definition of 'charitable purposes' under the terms of the 2006 Charities Act In undertaking the activities that support these aims, trustees have taken due regard of relevant public benefit guidance issued by the Charity Commission Many of these activities are provided free of charge

The activities through which these aims are pursued are reported here under two general headings 1) Custodianship, of Dove Cottage, and of our collection of manuscripts, printed books and fine art, and 2) Access and Learning, encompassing visitor operations, exhibitions and publications, education, and contemporary literature Together, these activities enhance the lives of people of all ages and backgrounds they enable them to enjoy literature and fine art, and more specifically, to understand the ideas and concerns of the great Romantic thinkers – the rights of the individual, our relationship with the natural world, the creative potential of the human mind – and appreciate their lasting importance today

## Trustees' report *(continued)*

### Achievements and Performance

#### Overview

It has been another challenging year for the Wordsworth Trust, as austerity measures have directly affected our grant-aid and our trading performance. Despite this, we have delivered a vibrant programme of work that has enriched the lives of thousands of people.

Dove Cottage has been at the heart of our work from the very beginning, and we take seriously our responsibility for the preservation of the Cottage, our collection and the hamlet of Town End. The support of the Trusthouse Charitable Foundation, the Idlewild Trust and the Hadfield Trust enabled us to carry out the most substantial restoration of Dove Cottage in over thirty years: we have carried out repairs to the roof of what Dorothy Wordsworth called 'the outjutting' (above the Newspaper Room), and replaced the fuse box following an electrical survey carried out in 2009. Meanwhile, a grant from the Stanley Smith UK Horticultural Trust is enabling us to improve our visitors' enjoyment of Dove Cottage garden – an objective for 2011.

In 2010 we also worked with our conservator Christopher Clarkson to conduct our ten-yearly survey of the manuscript collection – an extensive process that will be completed in early 2011 – and also took the opportunity to check the condition of particular items within our printed book, fine art and furniture collections. Addressing the conservation needs that have been identified is another priority for the coming year.

Two other projects relating to our manuscripts, both started in 2010, are now well underway. The Gladys Kriehle Delmas Foundation is allowing us to provide public access to a fascinating record of everyday life in Wordsworth's time and of the interactions of his family and social circle, by funding us to create a searchable online database of approximately six hundred previously unpublished letters from six female members of Wordsworth's family and social circle. The database has been designed, and our interns are now transcribing and cataloguing the letters in time for the project to be completed by the end of 2011. We have also contracted Adam Matthew Digital Ltd to digitise our manuscript and fine art collections, as a means of increasing public access to even the most fragile material, and – in line with accepted good practice – as an ultimate safeguard against damage or loss of the original items.

In terms of our public activities, we have had a very successful year. We were especially delighted to see increased number of visits by school parties, the result of a coordinated strategy to reverse a slow decline experienced over recent years. A major objective within this strategy was to increase our engagement with local schools, and thanks to the support of the Garfield Weston Foundation, participation in our workshops and activities was offered free to all schools in Cumbria from the beginning of 2010. The Holehird Trust also enabled us to help schools in need with their transport costs, promotion – through new publicity and events on site for teachers – was improved, and the number of Cumbrian schoolchildren benefiting from our work increased significantly as a result. Our services to schools, which comprise workshops and activities tailored to individual age groups rather than a passive 'self-guided' tour, were also supported this year by the Dr Mortimer & Theresa Sackler Foundation and the Aspinwall Trust. We received an important endorsement in July, when the Heritage Education Trust renewed its five-yearly Sandford Award, given in recognition of "quality and excellence" of services and facilities, for a fifth consecutive time.

## Trustees' report (continued)

### Overview (continued)

As well as provide a benefit to the schools that visit Dove Cottage, we did more this year to reach out to schools and communities in our local area. Our poets in residence led workshops in classrooms, we used items from our collection to enrich the lives of residents of local care homes, and for the first time, we presented a major outreach project based around our exhibitions programme. The exhibition *Savage Grandeur and Noblest Thoughts: Discovering the Lake District 1750-1820*, which opened in July, gave us the opportunity to explore the history of tourism in the Lake District with some of those communities that continue to be affected by tourism today. 'These Tourists' (the title is taken from the mocking lines with which Wordsworth starts his poem 'The Brothers') brought together schools, artists, amateur historians and community groups. Our research into the commercial and social impact of the earliest artists to visit the Lake District is published on our website (with the kind help of Professor John Dobson), and forms part of a panel display summarising the exhibition currently touring to Cumbrian libraries. The project was generously supported by the Sir John Fisher Foundation and Creative Futures Cumbria, and it has been an excellent demonstration of the potential of the Wordsworth Trust and its activities to have a positive impact on people's lives.

*Savage Grandeur* itself, which chronicles the artistic 'discovery' of the Lake District by British artists influenced by continental traditions and in search of the Picturesque, marked the bicentenary of the first appearance in print of what was to become Wordsworth's *Guide Through the District of the Lakes*. It is also the first major exhibition on this subject since *The Discovery of the Lake District*, the result of our collaboration with the V&A in the early 1980s. Unlike this previous exhibition, *Savage Grandeur* was based almost entirely on our own collection, demonstrating the remarkable growth of our fine art holdings in the last twenty-five years. We are very grateful to Dr Cecilia Powell and to Stephen Hebron, for providing us with the exhibition and the catalogue, and to the Northern Rock Foundation, the W W Spooner Charitable Trust and the Sir John Fisher Foundation, for giving the exhibition their financial support.

With further support from the Westmorland Arts Trust and James Cropper PLC we provided our exhibition-related activities for visiting families in a more structured way, with workshops in drawing, writing, crafts, woodblock printing and sketchbook-making each offered on a different weekday. We were very pleased to see participation in these activities increase this year.

Our events are another increasingly effective means of providing public benefit: we now have an established year-round events programme, which has doubled in size in the last three years, and many of our events continue to book to capacity. The traditional elements of our programme – poetry readings and workshops (see 'Contemporary Literature', below), talks, craft activities and the Arts & Book Festival – were supplemented by new initiatives including 'masterclasses' on writers who influenced Wordsworth, 'fireside chats' on various subjects in Dove Cottage, and in April the Dorothy Wordsworth Festival of Women's Poetry. Attendances for our events as a whole increased by 9%, and average audiences for our free Bindman talks on the collection increased by 24%.

As always, we are very grateful to the Arts Council for their ongoing support of our contemporary literature activities. At the end of the year we took the opportunity to review our literature strategy, ahead of making an application to the Arts Council's National Portfolio Funding programme for continued funding from April 2012. We have some creative ideas for increasing the reach and impact of these activities, and we hope that we can make the case for our continued strategic importance as a centre for contemporary poetry regionally and nationally.

We have also made significant progress towards our strategic aims of improving the ways in which we use our collection to provide learning, engagement and enjoyment, and of making the Wordsworth Trust a more sustainable organisation.

## Trustees' report *(continued)*

### Overview *(continued)*

Much of the year has been dedicated to research. For one research project, supported by the Monument Trust, we contracted Morris Hargreaves McIntyre Ltd to carry out a detailed survey of both our existing and our potential market, the understanding of market potential and visitors' expectations and motivations that the survey has given us will be an essential basis from which to progress our ambitions to refurbish the Wordsworth Museum.

Another substantial research project, which will conclude in March 2011, is being supported by the Museums, Libraries & Archives Council (MLA) through the Renaissance Designation Development Fund. Our purpose has been to identify the best methods of presenting and interpreting original manuscripts. The project has included research visits to institutions with manuscript collections in the British Isles, mainland Europe and North America, consultations with various types of 'user', from university academics to people with particular learning needs, and, in October, a seminar to investigate the potential of manuscripts to elicit emotional responses (involving counsellors, psychologists, a graphologist, a storyteller, a performance artist, and visual artists working with a variety of media). Also in October, as part of the same project, we hosted the annual meeting of the 'Lit Houses' group of UK literary heritage attractions. The meeting identified use of manuscripts as "one of the most important discussions that we could have at this moment", we are now organising a conference on this subject for March 2011, as part of the same project. The results of the research, which is being coordinated by museums consultant Piotr Bienkowski, will inform our public activities and our future development plans, they will also be made available to the wider museums sector.

We have also made progress with our strategy to diversify our income streams and reduce our dependence upon external funding. We have successfully introduced more charged events within our expanded events programme, and this will continue as we launch our 'Weeks at Dove Cottage' in 2011. In May we began charging for the use of our car park, creating a new source of revenue even though our primary reason was to deter its use for purposes other than visiting Dove Cottage, we will continue to monitor and adapt our charges in 2011, but the principle has proved to be sound. Similarly, the digitisation of our collection is being carried out primarily for the purposes of security and access but, through licensing, this will also generate income, and help address our fundamental weakness – that the costs of maintaining our Designated collection are underfunded. With the support of the John R Murray Charitable Trust and the legacy left by Marion Nightingale, plus additional loan finance from the Carbon Trust, we have also continued to upgrade our properties to reduce both their carbon footprint and their running costs, and the MLA Renaissance Green Museums programme has enabled us to contract Ove Arup & Partners to advise us on the energy efficiency of the Jerwood Centre and the Museum specifically. This will continue into 2011, as will other initiatives arising from our participation in the MLA's Green Leadership programme.

Meanwhile, we continue fundraising, not least through the promotion of our membership and other donation schemes. We are very grateful to all our Patrons, Friends and donors, and thank Derek Hook, Alan Rowlands and Sir Mark and Lady Lennox-Boyd for so kindly hosting successful fundraising events on our behalf in 2010.

The benefits of our activities are often amplified through collaboration with other organisations. In 2010 we maintained several successful relationships, for example the Poetry School and the School of Geography at the University of Nottingham amongst many others, and developed some new ones, with the University of Newcastle, the British Library, Age Concern and the Penrith office of the mental health charity, Mind. We have also been delighted to enter into two formal partnerships, with the University of Lancaster and with the Research Centre British Romantic Art at Tate Britain, and we look forward to working with both over the coming years.



## Trustees' report *(continued)*

### Overview *(continued)*

We have been sorry this year to see the passing of many friends. We lost three Fellows, each a former trustee and a wonderful ambassador for the Wordsworth Trust – the Rt Hon Michael Foot PC, Mrs Penelope Hughes-Hallett, and Dr Carol Landon. We are very grateful for the donations that we have received in Penelope's memory, and which have enabled us to investigate the conservation needs of the manuscript collection in which Penelope herself always took such delight. Dr Mortimer Sackler KBE was another committed supporter, most recently of our efforts in 2010 to further the impact of our activities for schools, as was Rachel Moss, who will also be sadly missed.

As always, everything that we do depends upon the great generosity of others, and we have a great many people to thank. In addition to those supporters that already mentioned, we would like to express our gratitude to the trustees of the Esmée Fairbairn Foundation, which has backed our ongoing strategic development for a third consecutive year, and Sir Siegmund Warburg's Voluntary Settlement, whose support for our internships makes such a difference to young people's lives. Felix Dennis continues to be a committed and generous supporter of everything that we do, and South Lakeland District Council's ongoing commitment to culture in this time of austerity is to be praised. We have already mentioned the generous bequests made by Marion Nightingale, Charles Warren's legacy has had a similarly lasting effect, by continuing to help us expand our collection, and this year we were also very grateful to learn that Carol Landon had been kind enough to leave us money in her will. We would also like to thank the Binks Trust, for supporting our exhibition for 2011, *Shelley's Ghost*, the MLA/V&A Purchase Grant Fund, the Friends of the National Libraries, the W W Spooner Charitable Trust, the British Association of Romantic Studies and the many private donors who enable us to go on making new acquisitions to our collection, the Friends of Grasmere, the Charlotte Bonham-Carter Charitable Trust, the Cowley Foundation, Mrs Corinna Wiltshire, all our Patrons and Friends, the people who go on maintaining our Collection Fund, and all those who support us with their donations, of all sizes.

Finally, there is one highlight of 2010 which we are particularly delighted to recall: the receipt of an MBE for services to museums by Jeff Cowton, our Curator and Head of Collection & Learning, in the June 2010 honours list. For nearly thirty years Jeff has played a key role in shaping so many of the programmes through which the Wordsworth Trust enriches people's lives, his knowledge and enthusiasm are inspirational, and the award is richly deserved.

### Custodianship

#### Historic Buildings

- In the biggest renovation of Dove Cottage since the late 1970s, repairs have been carried out to sections of the roof, and the fusebox has been upgraded.
- A gas central heating system has been installed in 1 Lake Terrace, replacing electric storage heaters and reducing running costs.

#### The Collection

- Several items of research importance have been purchased. These include two manuscript letters by Wordsworth and one by John Thelwall, an album recording visitors to the Wordsworths at Rydal Mount in the late 1830s / early 1840s, and a pencil sketch by Wordsworth's friend and admirer Benjamin Robert Haydon.
- Many significant gifts to the collection have also been received, including first editions and other printed books relating to William Hazlitt, landscape watercolours and drawings of the Lake District by Thomas Allom, William Green, Lady Mary Lowther, William Turner of Oxford, Mason Chamberlin the Younger, and other late-eighteenth- and early-nineteenth-century artists, early Lake District photographs, prints and maps, and an 1810 proof copy of Joseph Wilkinson's *Select Views*.

## Trustees' report (continued)

### Custodianship (continued)

#### The Collection (continued)

- Conservation of the 'Calvert' *Lyrical Ballads*, acquired in 2008, has been completed by our conservation consultant Christopher Clarkson. Christopher has also carried out a preliminary assessment of our conservation needs, and done several small items of work. A complete check of the condition of our manuscripts and printed books will be done in January 2011.
- Ove Arup & Partners Ltd has been commissioned to review the building management system (BMS) through which humidity and air temperature in the Museum and Jerwood Centre are controlled. The review is still ongoing but an upgrade of the air conditioning has already significantly reduced energy use.
- A major research project has begun into methods of display and interpretation of manuscript collections. Elements of this project included visits to institutions with similar collections to ours in the UK, Ireland and the United States, consultations with specific types of people who use our collection, from academics to visitors with special needs, and an exchange of ideas with other literary heritage attractions, achieved by hosting the annual conference of the 'Lit Houses' network in November. The research will be completed in spring 2011, it will inform our future activities and be made available to other museums.
- Work began on the creation of a searchable online database of letters by six female members of Wordsworth's family and social circle, each of which is previously unpublished. Separately Adam Matthew Digital Ltd has been contracted to digitise our manuscript and fine art collections, and this work will begin in early 2011.

The repairs to Dove Cottage roof were supported by the Trusthouse Charitable Foundation, the Idlewild Trust and the Hadfield Trust. Maintenance work to Dove Cottage and our other properties was supported by the John R Murray Charitable Trust and the Friends of Grasmere, the BMS review is being supported by the MLA, through Renaissance North West's Green Museums programme, and the 1 Lake Terrace heating system was financed by a loan from the Carbon Trust.

Conservation of the collection was supported by the balance of a grant from the Radcliffe Trust, and by the many donors who give to our Collection Fund. The conservation survey planned for early 2011 is being supported by numerous generous donations received in the year in memory of Penelope Hughes-Hallett. The research into manuscript interpretation is being funded by the MLA's Designation Development Fund, and the digitisation of manuscript letters is being supported by the Gladys Kriebel Delmas Foundation.

New acquisitions are either received as gifts or purchased with the kind donations of others. Acquisitions in 2010 were gifted or supported by the W W Spooner Charitable Trust, the MLA/V&A Purchase Grant Fund, the Friends of the National Libraries, the British Association for Romantic Studies, Professor Paul Betz, Sir Geoffrey & Lady Bindman, Professor Penelope Corfield, Mr Mike Crump, Mr & Mrs Richard Delbridge, the late Rt Hon Michael Foot PC, Professor Stephen Gill, Mr Neil Hunter, Ms Sarah Hobson, Mr & Mrs Piet de Jong, Mrs Edith Ketcham, the late Dr Carol Landon, Mr & Mrs Martin Norgate, Dr Vivienne Painting, Mr Robert Ponsonby, Mr Nicholas and Dr Cecilia Powell, Dr Susan Oliver, Professor Nicholas Roe, Mr James Spedding, Dr Judith Thompson, and many other generous donors, some of whom wish to remain anonymous.

## Trustees' report (*continued*)

### Access & Learning

#### Visitor Operations

- Visitors can now receive useful background information ahead of their tour of Dove Cottage from a short introductory video (based on our 1994 film *The Lake Poets*), shown in the Introductory Room in the Museum
- Research into visitor expectations (completed in 2010) and into display and interpretation methods (to be completed in 2011) is informing other longer-term plans to improve the way in which we present our site and collection to visitors
- A handrail has been installed to improve access between the rear of Dove Cottage and the garden
- Implementation of our new brand and logo has been completed all promotional literature and all exterior signs on site have been updated and improved

#### Exhibitions & Publications

- *Romantic Poets, Romantic Places*, which we opened in 2009, ran until 13 June. It explored the development of the 'writer's house' – as a concept and a visitor attraction – with reference to Dove Cottage and eight other famous homes of canonical British writers. Some of the organisations that loaned items for this exhibition have also helped us with our research project into the display and interpretation of manuscripts
- *Savage Grandeur and Noblest Thoughts: Discovering the Lake District 1750-1820* opened on 1 July. The exhibition was curated by Dr Cecilia Powell, and accompanied by a catalogue written and produced by Cecilia and Stephen Hebron. Our Royal Patron, HRH the Prince of Wales, very generously supplied a foreword to the catalogue.

The exhibition was the basis of a very successful outreach project called 'These Tourists', through which schools and communities have explored the history of tourism in the Lake District.

- As an outcome of 'These Tourists', we presented *I was Enchanted with some of the Views: Old and New Images of the Lake District*, an exhibition of fine art from our collection curated by a student from Lindeth College, which provides services for people with learning difficulties or disabilities and / or complex needs.

Exhibitions in 2010 were supported by the Northern Rock Foundation, the W W Spooner Charitable Trust and the Sir John Fisher Foundation. A panel display relating to *Savage Grandeur* was also supported by the Sir John Fisher Foundation, and is being toured to local libraries for the duration of the exhibition with the assistance of Cumbria County Council. Children's activities relating to *Savage Grandeur* were supported by the Westmorland Arts Trust and James Cropper PLC. John and Virginia Murray kindly hosted a successful London press launch for the exhibition in the historic rooms of 50 Albemarle Street.

## Trustees' report *(continued)*

### Education & Outreach

- Our activities for schools received the Heritage Education Trust's Sandford Award for a fifth consecutive time. Our range of workshops was expanded, and numbers of school groups participating in our activities increased significantly for a second consecutive year.
- Activities were provided free to all schools in Cumbria from the start of the year, resulting in a 95% increase in local schools visits. Schools in certain parts of the county were also helped with transport costs.
- Through 'These Tourists ' and workshops led by our poet in residence, we also did targeted outreach work with four local schools and with Lindeth College. We also continued to provide 'distance workshops' by live video link to schools in the UK and overseas.
- In other outreach projects, we worked with local residential and care homes, and our staff were trained in reminiscence work for this purpose.
- We delivered our activities for visiting families during school holidays in a new and more structured way, and participation in these activities increased by 20%.
- Our events programme was increased in size, by 23%, and our audiences increased by 9%. New types of event were added to the programme, and several events were linked to wider initiatives: Museums at Night, Heritage Open Days, National Poetry Day and World Environment Day.
- Once again, we provided one-year internships to ten young people hoping to start careers in the arts and heritage sector. In support of our internships, we increased the number of NVQ assessors on our staff from one to three.

Our activities for schools were supported by the Garfield Weston Foundation, the Dr Mortimer & Theresa Sackler Foundation and the Aspinwall Trust, and we were able to help local schools with transport costs thanks to the support of the Holehird Trust, administered by the Cumbria Community Foundation. We have also benefited from being included in 'Literature in Context', a British Library project to help both teachers and students of nineteenth-century literature.

'These Tourists ' has been supported financially by the Sir John Fisher Foundation and Creative Futures Cumbria, and Professor John Dobson, Kevin & Katherine Hamel and members of the Cumbria Local History Federation have all very generously supported the project with their time and professional services.

Our events were supported by Arts Council North West and individual donors. Thanks to a continuing partnership with the Institute of English Studies at the University of London, the Wordsworth Lecture has now become an annual Wordsworth Trust event in the capital.

The internships continue to be very generously supported by Sir Siegmund Warburg's Voluntary Settlement.

### Contemporary Literature

- 'Poetry in Grasmere', our traditional programme of evening poetry readings (thirteen events between April to October) was launched this year by the three-day Dorothy Wordsworth Festival of Women's Poetry in April. The Festival was organised in association with the Poet Laureate Carol Ann Duffy, and it was highly successful in reaching new audiences: 48% of attenders had not previously been to one of our events.

## Trustees' report *(continued)*

### Contemporary Literature (continued)

- Our free daytime 'Spot of Poetry' readings continued to give opportunities to new writers and to introduce poetry to new audiences, and we also continued to offer one- and two-day workshops in association with the Poetry School
- Our residencies give poets the space and opportunity to develop their own work, our resident poets also participate in our own events programme and help us to provide creative opportunities for local people through creative writing workshops, mentorships and activities for schools Emma Jones completed her residency in June, and was succeeded by Helen Mort, in November Helen was shortlisted for the Picador Poetry Prize, which recognises the best new and previously unpublished poetry in the UK
- New initiatives in 2010 have included the establishment of our own reading group and visits by other reading groups in Cumbria and West Yorkshire We hope to continue working with local reading groups through Cumbria County Council's library service
- We continued to support other literature events and promoters, such as the Brewery Arts Centre, Lancaster Litfest, the Stanza poetry festival in St Andrews, the 'Writ on the Wall' festival in Bowness-on-Solway and the 'Poem and a Pint' events in Furness Attendances at these events are additional to those that we report under 'Public Impact' above
- Our Contemporary Literature strategy has been reviewed and updated, ahead of an application to the Arts Council's new National Portfolio Funding programme, for funding for 2012-15

All of our contemporary literature activities in the year were generously supported by Arts Council North West The Dorothy Wordsworth Festival was supported by the Arts Council's Grants for the Arts programme, and the Poetry School and Mslexia Publications Ltd were in-kind sponsors The effectiveness of the mentorships – a new initiative – is being boosted by a collaboration with Eden Arts

### Financial Review

The Consolidated Statement of Financial Activities shows total incoming resources of £1,324,000 (2009 £1,643,000) Voluntary income fell by over £300,000 principally due to a large capital grant that was received in the prior year Admissions income fell on a similar level of visitor numbers by reason of an increase in discounted and free schools admissions

Total expenditure grew by 2.5% as a result of three funded special projects relating to the development of manuscript displays within museums, improvements to the Jerwood Centre and museum air conditioning systems and a one off market research exercise Underlying costs fell by almost 1%

The net incoming resources before transfers of the general fund were in surplus by £4,000 (2009 £80,000 deficit)

The Trust's wholly owned commercial subsidiary, Dove Cottage Promotions Limited broke-even after a disappointing year The planned increase in revenue following refurbishment has yet to materialise Sales did suffer from the introduction of parking fees but the retail climate remained harsh

Employment costs fell by £15,000 during the year, the first full year following a process of restructuring In total staff costs have fallen by almost £120,000 over the last two years

## Trustees' report *(continued)*

### Financial Review *(continued)*

#### Net movement in funds

The loss for the year before gains on investment assets was £127,000 (2009 £230,000 surplus)

Expenditure within restricted funds includes £115,000 of depreciation on fixed assets that have been funded by donations received in prior years

The net reduction in funds including investment gains was £19,000 (2009 £407,000 surplus)

#### Investments

The main fixed asset investments are held within the Development Fund and are principally invested in pooled vehicles under the management of Cazenove Capital Management Limited. The Trust's investment policy for the fund is to adopt a prudent approach to risk and to maximise the income generated from the fund so far as is consistent with maintaining the real value of the capital and achieving an income which, as a minimum, rises in line with inflation. There are no ethical investment restrictions in place.

Once again, facing considerable economic instability with several Euro-zone countries suffering uncertainty over creditworthiness, a cautious approach to risk was maintained. During the year the portfolio was realigned with the intention of improving income while not unduly impacting on capital growth. As a result the portfolio of the Development Fund was overweight in bonds and hedge and underweight in UK equities. This produced a total return of 8.6% compared to the benchmark of 9.5%. Over the longer term trustees have been satisfied with the income generated, but are concerned that the capital value of the fund may have suffered. During the early part of 2011 they will consider if their investment criteria remains suitable in current circumstances.

The smaller endowment, the RS Woof Memorial Fund, produced a total return of 6.7% compared to a benchmark of 7.2% and the current asset investments, known as the Reserve Fund, returned 8.5% (benchmark 7.2%).

The results of Dove Cottage Promotions Limited are reported above. Sales grew to £180,000 (2009 £165,000) and the company broke-even (2009 £7,000 loss).

The Trust holds many of the properties in Town End, Grasmere as long-term investments. The properties are let to a mix of the Trust's staff and third parties, including the operators of the Trust's guesthouse and restaurant. Rents are assessed against market rates. There has been no sizeable movement in property values in the local area since the properties were last revalued at the end of 2009.

#### Reserves

The Trust has defined a reserves policy as part of the risk management process. The need for reserves arises due to the following reasons:

- The risks associated with income variability
- The difficulty of reducing expenditure in the short-term
- To meet financial obligations
- To give flexibility to take advantage of opportunities
- Working capital requirements

## Trustees' report *(continued)*

### Financial Review *(continued)*

Many of the Trust's major events such as exhibitions and conferences are planned, and therefore expenditure committed, months if not years in advance. Although the Trust has had some success in securing long-term funding most income, notably admissions, is very short notice in nature, and it is this misalignment of income and expenditure that has been the main consideration in determining an adequate level of reserves. Trustees consider a free reserve (funds not tied up in fixed assets, designated or restricted funds) of relatively liquid assets equivalent to the external income required to fund approximately three months' expenditure is appropriate. At the end of 2010 free reserves stood at £400,000 (2009 £329,000), or approximately four months expenditure. Given the uncertain nature of the economy and the uncertainty surrounding even awarded grants, trustees believe this level of free reserves is desirable.

### Plans for the Future

As well as pursuing our strategy for financial sustainability, and increasing further our public impact by maintaining our regular activities and events programmes, we plan to achieve the following objectives in 2011

#### Historic Buildings

- We will improve the experience of visiting Dove Cottage garden, by modifying the planting plan, incorporating poetry and references to Dorothy Wordsworth's journals and other sources of information, and improving seating and other visitor facilities
- We will upgrade the heating system and make other improvements in 2 Lake Terrace, and refurbish other properties as part of our ongoing maintenance programme

#### The Collection

- We will continue proactively to pursue opportunities to expand our collection in line with our acquisitions policy
- We will check in full the condition of our manuscript collection, and seek funding for conservation work as necessary
- We will create a searchable online database of six hundred unpublished letters from our manuscript collection and, for security purposes, complete the digitisation of the major part of our manuscript and fine art material. We will also improve the catalogue of our collection of Lake District drawings based on detailed research now being carried out
- We will implement recommendations of the recent review of our BMS system to increase energy efficiency and reduce running costs

#### Visitor Operations

- We will redesign our website, to enable us to better meet the various needs of its users. At the same time we will further improve our online shop
- We will pursue opportunities to attract more visitors from the Indian subcontinent – an important emerging market.
- We will use the findings of our ongoing research into the effective use of manuscripts to enhance our visitors' engagement with our collection

## Trustees' report *(continued)*

### Plans for the Future *(continued)*

#### Exhibitions & Publications

- Between 7 July and 30 October we will present the Bodleian Libraries' exhibition *Shelley's Ghost*, and supplement it with loans from the National Portrait Gallery, Newstead Abbey and, subject to funding, the People's History Museum in Manchester
- From November to March 2012 we will present an exhibition of Lake District watercolours by John 'Warwick' Smith, including twelve drawings commissioned by the Curwen family between 1789 and 1791 that are not known to have been publicly displayed before

#### Education & Outreach

- We will continue to provide free access to our activities for schools in Cumbria, and to offer help with transport costs for schools that are eligible to apply
- We will work with schools, communities, artists and film-makers to complete 'These Tourists ', and more specifically, we will support Grasmere Primary School in their plans (inspired by this project) to create an eighteenth-century-style regatta in the summer
- Subject to funding, we will commission artists to help us create a mock laboratory in the Foyle Room, to help both school groups and visiting families engage with Mary Shelley's *Frankenstein* and its themes
- We will offer opportunities for people to explore Wordsworth's poetry and engage more fully with our site and collection by delivering in June and September a new four-day package of activities within our events programme, each to be promoted as 'A Week at Dove Cottage'

#### Contemporary Literature

- We will develop further our new literature initiatives, including mentorships, online writing courses (in association with the Poetry School) and the support of reading groups
- We will seek funding from the Arts Council's new National Portfolio Programme for the continuation and further development of our contemporary literature programme beyond April 2012
- We will publish a pamphlet of new poems by poet-in-residence Helen Mort

#### Organisational Development

- We will begin a programme of reviewing and updating all our internal policies and our corporate governance manual
- We will act upon the results of our participation in the MLA's Green Museums Leadership and Development programme, and identify ways of further reducing our environmental impact
- We will continue to review the way in which we manage and avoid abuse of our car park, and modify our charging arrangements as appropriate
- We will implement a new performance management and appraisal system for all our staff, and identify professional development needs as appropriate



## Trustees' report (*continued*)

### Governance

The Board of Trustees is responsible for the overall management and strategic direction of the Trust and comprises of between 10 and 15 members. These volunteers come from a range of backgrounds including Wordsworthian and Romantic scholars, land and property professionals, educationalists and businessmen and women.

The Board approves the annual plans and budgets against which the Trust's performance is assessed. Day-to-day management of the Trust is delegated to the Director and the senior management team.

To assist in performing its role the Board has established several standing committees. Individual trustees serve on a number of committees which consider in greater detail specific matters and make recommendations on those matters to the Board as a whole.

- Collection and Education Committee – makes recommendations to the Board regarding collections management and conservation and acquisitions policy, and supports and monitors progress with specific acquisitions
- Estate Committee – monitors the development and maintenance of Dove Cottage and its garden and of the other properties owned or occupied by the Trust
- Finance Committee – reviews, recommends and reports to the Board on issues of financial management and reporting and on the appointment of auditors
- Investment Committee – has responsibility for monitoring the performance of the investment managers and for making recommendations to the Board regarding their appointment and on investment policy. The Investment Committee includes three co-opted members to advise committee members in their particular area of investment expertise
- Nominations Committee – considers the composition of the Board, seeks to identify candidates for the office of trustee and develops succession plans for trustees and key office holders

When filling vacancies, the Board reviews its existing skills to ensure it can draw on a range of relevant experience in fulfilling its obligations. Trustees, staff and other interested parties are able to identify potential candidates who are then considered by the Nominations Committee. Trustees are appointed by the Board. Candidates are subject to a vetting process to verify their suitability as a charity trustee. When appointed a trustee holds office until the next AGM whereupon they are eligible for re-election. At every AGM one-third of trustees who are subject to retirement by rotation retire from office and if eligible may stand for re-election. A trustee may serve up to a maximum of sixteen consecutive years.

The trustees have no interest in the Trust's surplus or assets, receive no remuneration and must comply with the Trust's Conflict of Interest Policy.

On appointment, trustees complete a register of interests and undertake an induction programme that includes familiarisation with the purposes and operation of the Trust, its strategies and its objectives. There is currently no ongoing training programme for trustees. There are job descriptions for the position of trustee and the posts of Chairman and Honorary Treasurer.

During 2010 the Board met four times to receive and review minutes from Board committees and reports from the senior management.

The Trust's solicitors, Bates Wells Braithwaite, were instructed during the year to undertake a review of the Memorandum and Articles of Association. This process was on-going at the year-end and it is anticipated that any recommended changes will be adopted during 2011.

### *Senior management team*

The day-to-day affairs of the Trust are delegated to the Robert Woof Director and the senior management team. The management team provide management accounts and departmental reports for every meeting of the Board of Trustees, and the Director and members of the senior management team attend the meetings. The Director is responsible to the Board for the financial performance against annual budgets and for the charitable impact of the Trust.

## Trustees' report (continued)

### Governance (continued)

During 2010 the senior team comprised

|  |                  |
|--|------------------|
| The Robert Woof Director                   | Michael McGregor |
| Curator and Head of Collections & Learning | Jeff Cowton MBE  |
| Development Manager                        | Mark Bains       |
| Finance and Operations Director            | Adrian Cowl      |

### Risk Management

The Board of Trustees reviews the major risks to which the charity is exposed and seeks to identify and mitigate against those risks which could, if they occur, have a severe impact on achieving the strategic targets that Trustees have set. Where appropriate insurance has been taken out.

In examining the major risks that the Trust faces trustees are aware that any system of control can provide only reasonable and not absolute assurance against material loss or misstatement. In the opinion of Trustees, the Trust has established resources and review systems, which under normal conditions, should allow these risks to be mitigated to an acceptable level in the day-to-day operations of the Trust.

The collection of manuscripts, books and fine art is stored within the Jerwood Centre or is on display in the Museum. Both locations are provided with a building management system to BS5454, the British Standard that covers the storage and exhibition of archival material. Protection includes automated warning systems covering such incidents as intrusion, fire and flood. The Trust is accredited under the Museums, Libraries and Archives Council Accreditation scheme and complies with the SPECTRUM standard for collections management. It also meets the environmental control, security and transport guidelines of the Government Indemnity Scheme and operates an emergency and disaster plan in accordance with the guidelines.

The Trust is undertaking a project to obtain a photographic record of all the main manuscripts in the collection, which if destroyed are irreplaceable.

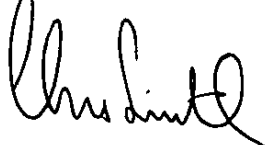
### Disclosure of information to auditors

The trustees who held office at the date of approval of this trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



The Rt Hon Lord Smith of Finsbury PC  
Chairman of Trustees

7 May 2011

Registered company number 3442086  
Registered charity number 1066184

## **Statement of trustees' responsibilities in respect of the Trustees' Report and the financial statements**

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations

Company law requires the trustees to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of expenditure over income for that period. In preparing each of the group and charitable company financial statements, the trustees are required to

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



## KPMG LLP

Edward VII Quay  
Navigation Way  
Preston  
PR2 2YF  
United Kingdom

### **Independent auditor's report to the members of The Wordsworth Trust**

We have audited the financial statements of the group and charity for the year ended 31 December 2010. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 17, 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.

Our responsibility is to audit 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 Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2010 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 UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

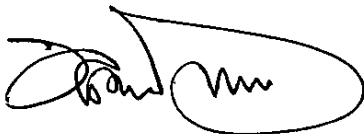
In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of The Wordsworth Trust *(continued)***

### **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

- the charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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, or
- we have not received all the information and explanations we require for our audit



**Stephen Dunn (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
*Edward VII Quay*  
*Navigation Way*  
*Preston*  
*PR2 2YF*  
*United Kingdom*

11/57 2011

**Consolidated statement of financial activities (incorporating income & expenditure account)**  
*for the year ended 31 December 2010*

|  |       | Unrestricted funds |                             | Endowment funds  |                       | Restricted funds | Total         | Total         |
|--|-------|--------------------|-----------------------------|------------------|-----------------------|------------------|---------------|---------------|
|  |       | Unrestricted funds | Designated Development Fund | Development Fund | RS Woof Memorial Fund |                  | 2010          | 2009          |
|  | Notes | £000               | £000                        | £000             | £000                  | £000             | £000          | £000          |
| <b>Incoming resources</b>  |       |                    |                             |                  |                       |                  |               |               |
| Incoming resources from generated funds                                |       |                    |                             |                  |                       |                  |               |               |
| Voluntary income   | 2     | 241                | 34                          | -                | 5                     | 280              | 560           | 883           |
| Activities for generating funds  | 3     | 180                | -                           | -                | -                     | -                | 180           | 165           |
| Investment income  | 4     | 126                | 14                          | 40               | 13                    | -                | 193           | 167           |
| Incoming resources from charitable activities                          | 5     | 385                | -                           | -                | -                     | -                | 385           | 423           |
| Other incoming resources   |       | 6                  | -                           | -                | -                     | -                | 6             | 5             |
| <b>Total incoming resources</b>  |       | <b>938</b>         | <b>48</b>                   | <b>40</b>        | <b>18</b>             | <b>280</b>       | <b>1,324</b>  | <b>1,643</b>  |
| <b>Resources expended</b>  |       |                    |                             |                  |                       |                  |               |               |
| Cost of generating funds   |       |                    |                             |                  |                       |                  |               |               |
| Costs of generating voluntary income                                   |       | 101                | -                           | 41               | 8                     | -                | 150           | 146           |
| Fundraising trading cost of goods sold and other costs                 |       | 164                | -                           | -                | -                     | -                | 164           | 167           |
| Investment management costs  |       | 111                | -                           | -                | -                     | 8                | 119           | 127           |
| Charitable activities  |       |                    | -                           |                  |                       |                  |               |               |
| Custodianship  |       | 239                | -                           | -                | 2                     | 166              | 407           | 377           |
| Access and learning  |       | 284                | -                           | -                | 3                     | 289              | 576           | 579           |
| Governance costs   |       | 35                 | -                           | -                | -                     | -                | 35            | 17            |
| <b>Total resources expended</b>  | 6     | <b>934</b>         | <b>-</b>                    | <b>41</b>        | <b>13</b>             | <b>463</b>       | <b>1,451</b>  | <b>1,413</b>  |
| <b>Net incoming/(outgoing) resources before transfers</b>              |       | <b>4</b>           | <b>48</b>                   | <b>(1)</b>       | <b>5</b>              | <b>(183)</b>     | <b>(127)</b>  | <b>230</b>    |
| Transfer between funds   | 7     | 73                 | (14)                        | (40)             | -                     | (19)             | -             | -             |
| <b>Net incoming/(outgoing) resources before other recognised gains</b> |       | <b>77</b>          | <b>34</b>                   | <b>(41)</b>      | <b>5</b>              | <b>(202)</b>     | <b>(127)</b>  | <b>230</b>    |
| Gain on investment assets  |       | 22                 | 21                          | 62               | 3                     | -                | 108           | 177           |
| <b>Net movements in funds</b>  |       | <b>99</b>          | <b>55</b>                   | <b>21</b>        | <b>8</b>              | <b>(202)</b>     | <b>(19)</b>   | <b>407</b>    |
| Fund balances b/fwd at 31 December 2009                                |       | 8,409              | 546                         | 1,227            | 246                   | 3,114            | 13,542        | 13,135        |
| <b>Fund balances c/fwd at 31 December 2010</b>                         |       | <b>8,508</b>       | <b>601</b>                  | <b>1,248</b>     | <b>254</b>            | <b>2,912</b>     | <b>13,523</b> | <b>13,542</b> |

**Consolidated statement of financial activities** *(continued)*  
*for the year ended 31 December 2010*

The net outgoing resources and resulting net movement in funds arise from continuing operations

The charitable company has no recognised gains or losses other than the net movement of funds for the period

There is no material difference between the reported results and the historical results of the charitable company

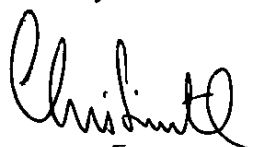
The transfer between restricted and unrestricted funds relates to investment income and the cost of assets purchased using restricted funds, the purchase of which has removed the restrictions and the assets are now unrestricted

All amounts arise from continuing operations

**Balance sheet**  
**at 31 December 2010**

|   | Notes | Group         |               | Charitable company |               |
|---|-------|---------------|---------------|--------------------|---------------|
|   |       | 2010<br>£000  | 2009<br>£000  | 2010<br>£000       | 2009<br>£000  |
| <b>Fixed assets</b>   |       |               |               |                    |               |
| Tangible assets   | 8     | 6,521         | 6,587         | 6,513              | 6,572         |
| Investment property   | 9     | 5,295         | 5,295         | 5,295              | 5,295         |
| Investments   | 10    | 1,995         | 1,903         | 2,010              | 1,918         |
|   |       | <u>13,811</u> | <u>13,785</u> | <u>13,818</u>      | <u>13,785</u> |
| <b>Current assets</b>   |       |               |               |                    |               |
| Investments   |       | 353           | 331           | 353                | 331           |
| Stocks  | 11    | 46            | 49            | -                  | -             |
| Debtors   | 12    | 83            | 53            | 110                | 84            |
| Cash at bank and in hand                                      |       | 302           | 418           | 298                | 410           |
|   |       | <u>784</u>    | <u>851</u>    | <u>761</u>         | <u>825</u>    |
| <b>Creditors</b> amounts falling due within one year          | 13    | (60)          | (83)          | (56)               | (76)          |
| <b>Net current assets</b>                                     |       | <u>724</u>    | <u>768</u>    | <u>705</u>         | <u>749</u>    |
| <b>Debtors</b> amounts falling due after more than one year   | 14    | -             | -             | 4                  | 11            |
| <b>Total assets less current liabilities</b>                  |       | <u>14,535</u> | <u>14,553</u> | <u>14,527</u>      | <u>14,545</u> |
| <b>Creditors</b> amounts falling due after more than one year | 15    | (1,012)       | (1,011)       | (1,012)            | (1,011)       |
| <b>Net assets</b>   |       | <u>13,523</u> | <u>13,542</u> | <u>13,515</u>      | <u>13,534</u> |
| <b>Charitable funds</b>                                       |       |               |               |                    |               |
| Undesignated funds  |       |               |               |                    |               |
| General funds   | 16    | 1,563         | 1,551         | 1,555              | 1,543         |
| Revaluation reserve   | 16    | 4,209         | 4,187         | 4,209              | 4,187         |
|   |       | <u>5,772</u>  | <u>5,738</u>  | <u>5,764</u>       | <u>5,730</u>  |
| Designated funds  |       |               |               |                    |               |
| Warren Collection Fund  | 16    | 59            | 59            | 59                 | 59            |
| Collection Assets Fund  | 16    | 2,677         | 2,612         | 2,677              | 2,612         |
| Designated Development Fund                                   | 16    | 601           | 546           | 601                | 546           |
| <b>Total unrestricted funds</b>                               |       | <u>9,109</u>  | <u>8,955</u>  | <u>9,101</u>       | <u>8,947</u>  |
| <b>Restricted funds</b>                                       | 16    | 2,912         | 3,114         | 2,912              | 3,114         |
| Endowment funds   |       |               |               |                    |               |
| Endowment Development Fund                                    | 16    | 1,248         | 1,227         | 1,248              | 1,227         |
| RS Woof Memorial Fund   | 16    | 254           | 246           | 254                | 246           |
|   |       | <u>13,523</u> | <u>13,542</u> | <u>13,515</u>      | <u>13,534</u> |

Approved by the board of trustees on



**The Rt Hon Lord Smith of Finsbury PC**  
**Chairman of Trustees**

7 May

2011 and signed on its behalf by

Registered company number 3442086  
Registered charity number 1066184



**Notes**  
*(forming part of the financial statements)*

**1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the group's financial statements

***Basis of preparation***

The Group and Charitable Company prepare the accounts on an historical cost basis as modified by the revaluation of investment property

The trustees have modified the presentation required by the Companies Act 2006 to more fairly present the activities of the group

The financial statements have been prepared in accordance with the Charities Act 2006 and the Statement of Recommended Practice "Accounting and Reporting by Charities" 2005 issued by the Charity Commissioners for England and Wales, and applicable accounting standards. The accounts have been prepared on a historical cost basis.

The group is exempt from the requirement of Financial Reporting Standard No 1 (revised 1996) to prepare a cash flow statement as it qualifies as a small group.

***Basis of consolidation***

These consolidated financial statements consolidate the results of the charitable company and its wholly owned subsidiary undertaking, Dove Cottage Promotions Limited, on a line-by-line basis.

These accounts are made up to 31 December 2010 and are based on the accounts of the subsidiary undertaking which are coterminous with those of the charitable company.

***Related party transactions***

Transactions with those subsidiary undertakings whose voting rights are 100% or more controlled within the group are not disclosed, as provided for in FRS 8. Transactions with other parties are detailed in note 20.

***Stocks***

Stocks are stated at the lower of cost and net realisable value. In determining the cost of goods purchased for resale, the weighted average purchase price is used.

***Collection Assets***

Items purchased for the Collection are capitalised in accordance with accounting standards. Loaned items are not capitalised since it is not commercially viable to place a value on these items.

***Fixed asset investments***

Fixed asset investments are included at the quoted mid-market price ruling at the balance sheet date. Realised and unrealised gains and losses on investments are shown in the Statement of Financial Activities and represent the change in market value from the beginning of the year. Unquoted investments are included at the share capital value.

***Investment property***

Following a review of the property owned by the charitable company, and developments during 2000, certain properties were re-classified as investment property.

Investment property values are reviewed regularly and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation or amortisation is provided in respect of investment property.

## Notes (continued)

### 1 Accounting policies (continued)

The failure to provide for depreciation on investment property is a departure from the requirements of the Companies Act. The trustees consider that this departure is necessary in order that the financial statements should give a true and fair view. In the trustees' opinion, it is not possible to quantify the effect of not providing for depreciation. In their view, it is not possible to identify an applicable depreciation rate in view of the fact that the policy itself is considered inappropriate.

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

|                                 |   |                              |
|---------------------------------|---|------------------------------|
| Property                        | - | fifty years                  |
| Plant                           | - | fifteen years                |
| Fixtures, fitting and equipment | - | between three and five years |

Fixed assets purchased below £500 are not capitalised. It is the responsibility of the charitable company to preserve and conserve Collection items for the benefit of the Nation and due to their nature they are expected to have a long life. Depreciation is therefore not charged on Collection items which are capitalised since this is deemed to be immaterial. Impairment reviews are carried out annually of such assets.

#### *Incoming resources*

All incoming resources are recognised once the Trust has entitlement to the resources, it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

#### *Voluntary income*

Income from voluntary sources is credited to the Statement of Financial Activities when receivable. Where such incoming resources are received in advance the income is deferred until the charitable company becomes entitled to the resources. Legacies are recognised on an accruals basis to the extent that the Trust has been notified that it is a beneficiary and there is a clear indication of the amounts involved.

#### *Activities for generating funds*

Trading income from the book and gift shop operated by the Trust's trading subsidiary represents the value of goods sold net of VAT.

#### *Investment income*

Investment income and gains are split between the designated and endowment development funds based on the opening value of their investments. Investment income from these funds is transferred to unrestricted funds in accordance with the terms of the relevant fund.

Rents and interest are included when receivable at an amount which includes any tax recoverable from the Inland Revenue.

#### *Incoming resources from charitable activities*

Income from admissions to Dove Cottage and the Museum and for educational conferences is recognised when receivable. Related gift aid is also accounted for on a receivable basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Resources expended*

Expenses are accounted for on an accruals basis

Direct charitable expenditure includes the direct costs of the activities. Support costs are also incurred to enable the charitable company to provide these activities. Where such costs relate to more than one functional cost category, they have been apportioned as a percentage of staff time employed on the relevant activity.

Governance costs represent the costs incurred for compliance with constitutional and statutory requirements.

#### *Pension costs*

The charitable company contributes to certain employees' defined contribution pension schemes. The assets of the schemes are held separately from those of the charitable company in independently administered funds. The amount charged in the statement of financial activities represents the contributions payable to the schemes in respect of the accounting period.

#### *Fund accounting*

Funds held by the charitable company are either

*Unrestricted general funds* – these are funds which can be used in accordance with the charitable objectives at the discretion of the trustees.

*Designated funds* – these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

*Designated Development Fund* – is a designated unrestricted fund shown separately from the Endowment Development Fund, since it is expendable in the event of a 75% majority decision by the trustees. However this fund must be treated as if it were an endowment fund, otherwise the whole of the Endowment Development Fund becomes repayable.

*Restricted funds* – these are funds that can only be used for restricted purposes within the objects of the charitable company. Restrictions arise when specified by the donor or when funds are raised for a restricted purpose.

*Endowment Development Fund* – is a restricted fund shown separately due to its size and future significance.

*RS Woof Memorial Fund* – is a restricted endowment fund to be used to endow the post of the Robert Woof Director of the Trust.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Where a grant or donation is received to fund a capital item or where an asset is donated, if there is an obligation relating to the future use or retention of the relevant asset, the balance relating to that asset is held within restricted funds as long as that restriction exists. Where there is no such restriction, the restricted income relating to the purchase of capital items is transferred to unrestricted funds in the Statement of Financial Activities.

#### *Taxation*

The Trust, as a registered charity, is exempt from taxation on its income and gains falling within Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives. No tax charge has arisen in the year.

#### *Irrecoverable VAT*

Irrecoverable VAT is accounted for in the expenditure category under which the cost is incurred.

## Notes (continued)

### 2 Grants and donations

|  | Unrestricted<br>funds | Designated<br>Development<br>Fund | RS Woof<br>Memorial<br>Fund | Restricted<br>funds | 2010       | 2009       |
|--|-----------------------|-----------------------------------|-----------------------------|---------------------|------------|------------|
|  | £000                  | £000                              | £000                        | £000                | £000       | £000       |
| The Estate of Mrs Patricia Marion<br>Nightingale | 105                   | -                                 | -                           | -                   | 105        | 70         |
| Arts Council England                             | -                     | -                                 | -                           | 82                  | 82         | 84         |
| WW Spooner Charitable Trust                      | 12                    | -                                 | -                           | 38                  | 50         | 32         |
| Northern Rock Foundation                         | -                     | -                                 | -                           | 40                  | 40         | 70         |
| Esmée Fairbairn Foundation                       | 30                    | -                                 | -                           | -                   | 30         | 50         |
| Felix Dennis                                     | -                     | 25                                | -                           | -                   | 25         | 25         |
| John R Murray Charitable Trust                   | -                     | -                                 | -                           | 20                  | 20         | 26         |
| Sir John Fisher Foundation                       | -                     | -                                 | -                           | 20                  | 20         | 20         |
| The Estate of The Rt Hon Michael Foot            | 20                    | -                                 | -                           | -                   | 20         | -          |
| MLA Greener Museums                              | -                     | -                                 | -                           | 18                  | 18         | -          |
| The Estate of Dr Carol Landon                    | 10                    | -                                 | 5                           | -                   | 15         | -          |
| MLA DDF  | -                     | -                                 | -                           | 14                  | 14         | -          |
| The Gladys Kriebel Delmas Foundation             | -                     | -                                 | -                           | 9                   | 9          | -          |
| Mrs Sarah Hobson                                 | 7                     | -                                 | -                           | -                   | 7          | -          |
| Friends of Grasmere                              | -                     | -                                 | -                           | 4                   | 4          | -          |
| Anonymous donations                              | 3                     | -                                 | -                           | -                   | 3          | 20         |
| Friends of the National Libraries                | -                     | -                                 | -                           | 3                   | 3          | 5          |
| MLA/V&A Purchase Grant Fund                      | -                     | -                                 | -                           | 3                   | 3          | -          |
| MLA North West                                   | -                     | -                                 | -                           | 3                   | 3          | -          |
| Trusthouse Charitable Trust                      | -                     | -                                 | -                           | 3                   | 3          | -          |
| Creative Futures Cumbria                         | -                     | -                                 | -                           | 3                   | 3          | -          |
| Stanley Smith Horticultural Trust                | -                     | -                                 | -                           | 3                   | 3          | -          |
| Monument Trust                                   | -                     | -                                 | -                           | -                   | -          | 263        |
| Garfield Weston Foundation                       | -                     | -                                 | -                           | -                   | -          | 90         |
| North West Development Agency                    | -                     | -                                 | -                           | -                   | -          | 30         |
| Cumbria County Council                           | -                     | -                                 | -                           | -                   | -          | 10         |
| Dr Mortimer & Theresa Sackler<br>Foundation      | -                     | -                                 | -                           | -                   | -          | 10         |
| Orr Mackintosh Foundation                        | -                     | -                                 | -                           | -                   | -          | 3          |
| John S Cohen Foundation                          | -                     | -                                 | -                           | -                   | -          | 3          |
| Westmorland Arts Trust                           | -                     | -                                 | -                           | -                   | -          | 3          |
| Friends  | 12                    | -                                 | -                           | -                   | 12         | 13         |
| Patrons  | 21                    | -                                 | -                           | -                   | 21         | 21         |
| Gift Aid and others (£2,000 or below)            | 21                    | 9                                 | -                           | 17                  | 47         | 35         |
|  | <u>241</u>            | <u>34</u>                         | <u>5</u>                    | <u>280</u>          | <u>560</u> | <u>883</u> |

## Notes (continued)

### 3 Commercial trading operations

The charitable company has one trading subsidiary, Dove Cottage Promotions Limited, a company incorporated in England and Wales. The charitable company owns the entire share capital of this company being 15,000 £1 ordinary shares. Dove Cottage Promotions Limited operated a book and gift shop throughout the year.

A summary of the trading result of Dove Cottage Promotions Limited is shown below. Audited financial statements for the year ended 31 December 2010 are filed with the Registrar of Companies. A Gift Aid donation of the taxable profit of £281 (2009 £nil) was made to The Wordsworth Trust.

|  | 2010<br>£000 | 2009<br>£000 |
|--|--------------|--------------|
| Turnover   | 180          | 165          |
| Cost of sales  | (89)         | (77)         |
| <b>Gross profit</b>  | <b>91</b>    | <b>88</b>    |
| Administrative expenses                                    | (91)         | (95)         |
| <b>Operating profit/(loss)</b>                             | <b>-</b>     | <b>(7)</b>   |
| Gift aid donation to Wordsworth Trust                      | -            | -            |
| <b>Profit/(loss) on ordinary activities after taxation</b> | <b>-</b>     | <b>(7)</b>   |
| Dividend paid from reserves                                | -            | -            |
| <b>Retained profit/(loss) for the year</b>                 | <b>-</b>     | <b>(7)</b>   |

The aggregate of the assets, liabilities and funds was

|              | 2010<br>£000 | 2009<br>£000 |
|--------------|--------------|--------------|
| Assets       | 59           | 72           |
| Liabilities  | (36)         | (49)         |
| <b>Funds</b> | <b>23</b>    | <b>23</b>    |

### 4 Investment income

| <i>Group</i>             | 2010<br>£000 | 2009<br>£000 |
|--------------------------|--------------|--------------|
| Bank interest receivable | 1            | -            |
| Dividends receivable     | 79           | 68           |
| Rents receivable         | 113          | 99           |
| <b>Total</b>             | <b>193</b>   | <b>167</b>   |

## Notes (continued)

### 5 Incoming resources from charitable activities

|                          | 2010<br>£000 | 2009<br>£000 |
|--------------------------|--------------|--------------|
| Admission fees           | 369          | 383          |
| Educational conferences  | 16           | 16           |
| Publications             | 11           | 24           |
| Less sales to subsidiary | (11)         | -            |
|                          | <u>385</u>   | <u>423</u>   |

### 6 Analysis of total resources expended

| Group                               | Direct<br>costs<br>£000 | Support<br>costs<br>£000 | 2010<br>£000 | 2009<br>£000 |
|-------------------------------------|-------------------------|--------------------------|--------------|--------------|
| Costs of generating funds           |                         |                          |              |              |
| Voluntary income                    | 109                     | 41                       | 150          | 146          |
| Investments                         |                         |                          |              |              |
| Book and gift shop costs            | 164                     | -                        | 164          | 167          |
| Management of let estate            | 94                      | 25                       | 119          | 127          |
|                                     | <u>258</u>              | <u>25</u>                | <u>283</u>   | <u>294</u>   |
| Cost of charitable activities       |                         |                          |              |              |
| Custodianship                       |                         |                          |              |              |
| Historic buildings                  | 286                     | 22                       | 308          | 293          |
| Collection                          | 73                      | 26                       | 99           | 84           |
|                                     | <u>359</u>              | <u>48</u>                | <u>407</u>   | <u>377</u>   |
| Access and learning                 |                         |                          |              |              |
| Visitor operations                  | 253                     | 83                       | 336          | 301          |
| Exhibitions and publications        | 68                      | 11                       | 79           | 121          |
| Education                           | 50                      | 17                       | 67           | 65           |
| Contemporary literature             | 77                      | 17                       | 94           | 92           |
|                                     | <u>448</u>              | <u>128</u>               | <u>576</u>   | <u>579</u>   |
| Total cost of charitable activities | <u>807</u>              | <u>176</u>               | <u>983</u>   | <u>956</u>   |
| Governance costs                    | 35                      | -                        | 35           | 17           |
| Total resources expended            | <u>1,209</u>            | <u>242</u>               | <u>1,451</u> | <u>1,413</u> |

## Notes (continued)

### 6 Analysis of total resources expended (continued)

#### Allocation of support costs

|                        | Fundraising<br>£000 | Management<br>of let estate<br>£000 | Charitable<br>activities<br>£000 | 2010<br>£000 | 2009<br>£000 |
|------------------------|---------------------|-------------------------------------|----------------------------------|--------------|--------------|
| Management             | 32                  | 11                                  | 129                              | 172          | 175          |
| Finance                | 6                   | 12                                  | 26                               | 44           | 44           |
| Information technology | 3                   | 1                                   | 14                               | 18           | 15           |
| Human resources        | -                   | 1                                   | 7                                | 8            | 6            |
|                        | <u>41</u>           | <u>25</u>                           | <u>176</u>                       | <u>242</u>   | <u>240</u>   |

Support costs are allocated in line with salary costs based on an estimate of the actual time spent, which the charity believes is consistent with the use of the resources. The cost allocation includes an element of judgement and the charity has had to consider the cost benefit of detailed calculations and record keeping. Therefore the support costs shown are a best estimate of the costs that have been so allocated.

The direct costs of generating voluntary income comprise

|          | 2010<br>£000 | 2009<br>£000 |
|----------|--------------|--------------|
| Salaries | 90           | 90           |
| Other    | 19           | 17           |
|          | <u>109</u>   | <u>107</u>   |

Governance costs comprise

|                                    | 2010<br>£000 | 2009<br>£000 |
|------------------------------------|--------------|--------------|
| Trustee expenses and meeting costs | 7            | 4            |
| Legal and audit                    | 38           | 13           |
|                                    | <u>45</u>    | <u>17</u>    |

The following costs are included in the management and administrative costs of The Wordsworth Trust and Dove Cottage Promotions Limited

|                                    | Group<br>2010<br>£000 | Charitable<br>company<br>2010<br>£000 | Group<br>2009<br>£000 | Charitable<br>company<br>2009<br>£000 |
|------------------------------------|-----------------------|---------------------------------------|-----------------------|---------------------------------------|
| Audit fees                         | 13                    | 10                                    | 12                    | 9                                     |
| Depreciation on owned fixed assets | 161                   | 154                                   | 160                   | 154                                   |

## Notes (continued)

### 6 Analysis of total resources expended (continued)

#### Staff numbers and costs

The average number of full-time equivalent (FTE) employees during the year (excluding directors who are trustees), analysed by function, was as follows

|                          | 2010<br>FTE | 2009<br>FTE |
|--------------------------|-------------|-------------|
| Fundraising              | 2           | 2           |
| Book and gift shop       | 4           | 4           |
| Management of let estate | 1           | 1           |
| Custodianship            | 4           | 4           |
| Access and learning      | 11          | 12          |
| Support functions        | 4           | 4           |
| Group total              | <u>26</u>   | <u>27</u>   |

The nature of work undertaken by individual members of staff traverses the above categories, therefore the allocation is by way of an estimate and involves an element of judgement

The total staff costs for the charitable group were as follows

|                                  | 2010<br>£000 | 2009<br>£000 |
|----------------------------------|--------------|--------------|
| Wages and salaries               | 546          | 561          |
| Employers' social security costs | 50           | 51           |
| Employers' pension contributions | 14           | 13           |
| Group total                      | <u>610</u>   | <u>625</u>   |

No employees earned over £60,000 during the year (2009 nil)

The trustees received no remuneration during the year. Travel and subsistence expenses of £6,896 (2009 £3,614) were paid to or on behalf of 13 trustees during the year (2009 13)

The charitable company contributes to defined contribution pension schemes. The pension charge for the year represents contributions payable from the charitable company to the schemes and amounted to £13,813 (2009 £13,411). At the end of the year no contributions were outstanding (2009 £nil)

#### Interest payable

|                              | 2010<br>£000 | 2009<br>£000 |
|------------------------------|--------------|--------------|
| On bank loans and overdrafts | <u>17</u>    | <u>19</u>    |



## Notes (continued)

### 7 Transfers between funds

Transfers into unrestricted funds during the year comprise

|   | 2010<br>£000 |
|---|--------------|
| Investment income earned on the Designated Development Fund   | 14           |
| Investment income earned on the Endowment Development Fund  | 40           |
| Purchases of collection acquisitions from donations, the purchase of which extinguishes the restriction | 19           |
| Total transfers   | <u>73</u>    |

### 8 Tangible fixed assets

| Group                 | Jerwood<br>Centre | Other freehold<br>property | Fixtures,<br>fittings,<br>equipment<br>and motor<br>vehicles | Collection<br>assets | Total        |
|-----------------------|-------------------|----------------------------|--|----------------------|--------------|
|                       | £000              | £000                       | £000   | £000                 | £000         |
| <b>Cost</b>           |                   |                            |  |                      |              |
| At beginning of year  | 3,442             | 1,168                      | 279  | 2,613                | 7,502        |
| Additions             | -                 | 20                         | 11   | 64                   | 95           |
| Disposals             | -                 | -                          | -  | -                    | -            |
| At end of year        | <u>3,442</u>      | <u>1,188</u>               | <u>290</u>   | <u>2,677</u>         | <u>7,597</u> |
| <b>Depreciation</b>   |                   |                            |  |                      |              |
| At beginning of year  | 583               | 114                        | 218  | -                    | 915          |
| Charge for year       | 113               | 18                         | 30   | -                    | 161          |
| Disposals             | -                 | -                          | -  | -                    | -            |
| At end of year        | <u>696</u>        | <u>132</u>                 | <u>248</u>   | <u>-</u>             | <u>1,076</u> |
| <b>Net book value</b> |                   |                            |  |                      |              |
| At 31 December 2010   | <u>2,746</u>      | <u>1,056</u>               | <u>42</u>  | <u>2,677</u>         | <u>6,521</u> |
| At 31 December 2009   | <u>2,859</u>      | <u>1,054</u>               | <u>61</u>  | <u>2,613</u>         | <u>6,587</u> |

The total of non-depreciation assets included in other freehold property at the year-end was £279,204

## Notes (continued)

### 8 Tangible fixed assets (continued)

| <i>Charitable Company</i> | <b>Jerwood<br/>Centre</b> | <b>Other Freehold<br/>property</b> | <b>Fixtures,<br/>fittings,<br/>equipment<br/>and motor<br/>vehicles</b> | <b>Collection<br/>assets</b> | <b>Total</b> |
|---------------------------|---------------------------|------------------------------------|---|------------------------------|--------------|
|                           | <b>£000</b>               | <b>£000</b>                        | <b>£000</b>   | <b>£000</b>                  | <b>£000</b>  |
| <b>Cost</b>               |                           |                                    |   |                              |              |
| At beginning of year      | 3,442                     | 1,168                              | 239   | 2,613                        | 7,462        |
| Additions                 | -                         | 20                                 | 11  | 64                           | 95           |
| Disposals                 | -                         | -                                  | -   | -                            | -            |
| At end of year            | <u>3,442</u>              | <u>1,188</u>                       | <u>250</u>  | <u>2,677</u>                 | <u>7,557</u> |
| <b>Depreciation</b>       |                           |                                    |   |                              |              |
| At beginning of year      | 583                       | 114                                | 193   | -                            | 890          |
| Charge for year           | 113                       | 18                                 | 23  | -                            | 154          |
| Disposals                 | -                         | -                                  | -   | -                            | -            |
| At end of year            | <u>696</u>                | <u>132</u>                         | <u>216</u>  | <u>-</u>                     | <u>1,044</u> |
| <b>Net book value</b>     |                           |                                    |   |                              |              |
| At 31 December 2010       | <u>2,746</u>              | <u>1,056</u>                       | <u>34</u>   | <u>2,677</u>                 | <u>6,513</u> |
| At 31 December 2009       | <u>2,859</u>              | <u>1,054</u>                       | <u>46</u>   | <u>2,613</u>                 | <u>6,572</u> |

#### Collection assets

Dove Cottage, the home of William Wordsworth from 1799 to 1808, was acquired by the Trust in 1890 and is maintained as a visitor attraction 'for the eternal possession of those who love English poetry all over the world'

The Trust continues to acquire objects within the subject area William Wordsworth and the Age of British Romanticism. To understand and interpret the context and significance of this subject, it is occasionally necessary to collect items before and after the accepted chronological framework for the Romantic period, 1750-1850. Priority areas for collecting are manuscripts, printed works, fine art and artefacts that advance the public knowledge and enjoyment of the works of William Wordsworth and the literature and culture of this period.

- The collection of manuscripts (30,000+) includes material of very great significance, drawing researchers and academics world-wide, and includes verse and prose manuscripts of William and Dorothy Wordsworth, Samuel Taylor Coleridge and Thomas De Quincey plus many others
- The collection of books (numbering approx 12,000 titles) include the following themes
  - Wordsworth's own library and a good number of titles that belonged to Coleridge or to Southey. Some of these volumes have been annotated by Wordsworth and Coleridge
  - Lifetime editions of writers of the Romantic period, and those who influenced and have been influenced by their work
  - Lake District guides and associated works from around 1750 to the present day
  - Magazines and periodicals from the period 1750-1850
  - Critical and reference works and published letters of all the major figures of the period, as well as general works on Romantic literature and art

## Notes (continued)

### 8 Tangible fixed assets (continued)

- The collection of fine art (10,000+ items) encompasses portraits of the major figures and family members, as well as the development of the interpretation of landscape from the c18th century to the present day and includes
  - Paintings and drawings of William and Dorothy Wordsworth and families, Coleridge, De Quincey and others of the period
  - Paintings, drawings and prints of Lake District themes, including interpretation of landscape and aspects of cultural and working life
  - Prints of the earliest views of the Lake District from the 1750's onwards
  - A significant collection of c19th photographs along the themes of portraits and landscape
- A collection of artefacts (c600 items) that relate to Wordsworth and his family and aspects of Lake District life and history. The museum also has a large display of life in a typical Grasmere cottage of the period (c 1800), and includes furniture and utensils (including spinning wheels) relating to the social history of the period

All items in the collection are deemed to have indeterminate lives hence Trustees do not consider it appropriate to charge depreciation. Impairment reviews are carried out annually.

The Trustees consider that, due to the lack of reliable information on cost and comparable market values, the diverse nature of the objects and the quantity held, the cost of obtaining valuations for the vast majority of items in the collection will far outweigh the benefits. The Trust does not therefore recognise these assets in the balance sheet, other than recent acquisitions. Recent purchases are valued at cost. Donated items have been valued at the Curator's best estimate of current value since 2010.

#### *Preservation and Management*

Expenditure which in the Trustees' view is required to preserve or prevent further deterioration of individual items is recognised in the Statement Of Financial Activities when incurred.

The Trust complies with PAS 197 2009, the BSI and Collections Trust's *Code of practice for cultural collections management* and maintains a full catalogue of collection items including a description, the condition of the item, where it is kept and acquisition information.

Although only a small proportion of the collection is on display in the cottage and museum at any one time, much of the fine art collection is available through a searchable online database on the Trust's website. In association with AM Digital the Trust is currently digitising its manuscript collection with a view to increasing access. Within the Jerwood Centre adjacent to the museum the Trust runs a research room where bona fide researchers may view original material. The Trust also runs a series of lectures throughout the year using items in the collection with the aim of increasing the public's knowledge of the collection as a whole.

#### *Disposal*

The Trust has a long term purpose, and holds and builds permanent collections in relation to its stated objectives. The Trust accepts the principle that, except for sound curatorial reasons, there is a strong presumption against the disposal of any items in the museum's collection.

## Notes (continued)

### 8 Tangible fixed assets (continued)

Items may be removed from the collection for the following reasons

- i duplication within the collection,
- ii falling outside the collecting area of the Trust,
- iii being wrongly accessioned,
- iv a better copy being received,
- v poor condition

Proposals to remove an item or items from the collection are the responsibility of the Curator, and will be presented for approval to the Collections Committee, followed by the full Board of Trustees

Decisions to dispose of objects will not be made with the principal aim of generating funds. Any monies received by the Trust from the disposal of items will be applied for the benefit of the collections. This will normally mean the purchase of further acquisitions but in exceptional cases improvements relating to the care of collections may be justifiable.

Once a decision to dispose of an item has been taken, priority will be given to retaining the item in the public domain, unless it is to be destroyed. It will therefore be offered in the first instance, by exchange, gift or sale directly to other Accredited museums likely to be interested in its acquisition.

#### Five year financial summary of heritage asset transactions

|                    | 2006<br>£000 | 2007<br>£000 | 2008<br>£000 | 2009<br>£000 | 2010<br>£000 |
|--------------------|--------------|--------------|--------------|--------------|--------------|
| Purchases          | 100          | 25           | 46           | 26           | 19           |
| Donations          | -            | -            | -            | -            | 45           |
| Total acquisitions | <u>100</u>   | <u>25</u>    | <u>46</u>    | <u>26</u>    | <u>64</u>    |
| Disposals          | -            | -            | -            | -            | -            |

### 9 Investment property - UK

#### Group and charitable company

|  | 2010<br>£000 | 2009<br>£000 |
|--|--------------|--------------|
| Brought forward                        | 5,295        | 4,825        |
| Transferred from tangible fixed assets | -            | 448          |
| Increase on revaluation                | -            | 22           |
| Carried forward                        | <u>5,295</u> | <u>5,295</u> |

Investment properties were valued as at the end of 2009 by Mr D Benjamin MRICS at £5,295,000 based on estimated open market values. Having reviewed the local House Price Index Report published by the Land Registry, Trustees consider this value to be appropriate as at 31 December 2010.

## Notes (continued)

### 10 Fixed asset investments

|   | 2010<br>£000 | 2009<br>£000 |
|---|--------------|--------------|
| <i>Charitable company</i>                             |              |              |
| Ordinary £1 shares in Dove Cottage Promotions Limited | 15           | 15           |
| Development Fund investments                          | 1,741        | 1,657        |
| RS Woof Memorial Fund investments                     | 254          | 246          |
|   | <u>2,010</u> | <u>1,918</u> |
| Development Fund investments                          |              |              |
| Opening market value                                  | 1,560        | 1,305        |
| Additions   | 563          | 283          |
| Disposals   | (467)        | (158)        |
| Net investment gains                                  | 83           | 130          |
| Closing market value                                  | <u>1,739</u> | <u>1,560</u> |
| Cash on deposit                                       | 2            | 97           |
|   | <u>1,741</u> | <u>1,657</u> |
| Listed on the London Stock Exchange                   |              |              |
| Listed ordinary shares                                | 1            | 1            |
| UK Common Investment Funds                            | 1,738        | 1,559        |
|   | <u>1,739</u> | <u>1,560</u> |
| RS Woof Memorial Fund investments                     |              |              |
| Opening market value                                  | 246          | -            |
| Additions   | -            | 243          |
| Disposals   | -            | -            |
| Net investment gains                                  | 3            | 3            |
| Closing market value                                  | <u>249</u>   | <u>246</u>   |
| Cash on deposit                                       | 5            | -            |
|   | <u>254</u>   | <u>246</u>   |

All investments are listed on the London Stock Exchange. Investments in the following funds exceeded 5% of the total portfolio at 31 December 2010

Cazenove Absolute Return Trust for Charities  
Cazenove Equity Income Trust for Charities  
Cazenove Income Trust for Charities  
Cazenove Strategic Debt Fund  
Veritas Global Equity Income Fund

### 11 Stocks

|                       | 2010<br>£000 | 2009<br>£000 |
|-----------------------|--------------|--------------|
| <i>Group</i>          |              |              |
| Goods held for resale | <u>46</u>    | <u>49</u>    |

**Notes (continued)**

**12 Debtors: amounts falling due within one year**

|  | Group     | Group     | Charitable company | Charitable company |
|--|-----------|-----------|--------------------|--------------------|
|  | 2010      | 2009      | 2010               | 2009               |
|  | £000      | £000      | £000               | £000               |
| Trade debtors                          | 21        | 13        | 20                 | 12                 |
| Grants receivable                      | 37        | 20        | 37                 | 20                 |
| Prepayments                            | 23        | 19        | 23                 | 19                 |
| Accrued income                         | 2         | 1         | 2                  | 1                  |
| Amounts owed by subsidiary undertaking | -         | -         | 28                 | 32                 |
|  | <u>83</u> | <u>53</u> | <u>110</u>         | <u>84</u>          |

**13 Creditors: amounts falling due within one year**

|                                 | Group     | Group     | Charitable company | Charitable company |
|---------------------------------|-----------|-----------|--------------------|--------------------|
|                                 | 2010      | 2009      | 2010               | 2009               |
|                                 | £000      | £000      | £000               | £000               |
| Trade creditors                 | 14        | 25        | 14                 | 22                 |
| Other taxes and social security | 15        | 14        | 14                 | 14                 |
| Other creditors                 | 1         | -         | 1                  | -                  |
| Other loans                     | 5         | 3         | 5                  | 3                  |
| Accruals                        | 25        | 41        | 22                 | 37                 |
|                                 | <u>60</u> | <u>83</u> | <u>56</u>          | <u>76</u>          |

**14 Debtors: amounts falling due after more than one year**

|                                     | Group | Group | Charitable company | Charitable company |
|-------------------------------------|-------|-------|--------------------|--------------------|
|                                     | 2010  | 2009  | 2010               | 2009               |
|                                     | £000  | £000  | £000               | £000               |
| Loan to Dove Cottage Promotions Ltd | -     | -     | 4                  | 11                 |

During 2007 a loan of £35,000 repayable in equal instalments over five years to Dove Cottage Promotions Limited, the charitable company's trading subsidiary, was approved by the trustees. The loan is secured by a floating charge over the assets of the trading subsidiary and interest is charged at 2% above base rate.

**15 Creditors: amounts falling due after more than one year**

|             |                             | Group        | Group        | Charitable company | Charitable company |
|-------------|-----------------------------|--------------|--------------|--------------------|--------------------|
|             |                             | 2010         | 2009         | 2010               | 2009               |
|             |                             | £000         | £000         | £000               | £000               |
| Mortgages   | - due between 2 and 5 years | 163          | 113          | 163                | 113                |
|             | - due after 5 years         | 837          | 887          | 837                | 887                |
| Other loans | - due between 2 and 5 years | 8            | 6            | 8                  | 6                  |
|             | - due after 5 years         | 4            | 5            | 4                  | 5                  |
|             |                             | <u>1,012</u> | <u>1,011</u> | <u>1,012</u>       | <u>1,011</u>       |

## Notes (continued)

### 15 Creditors: amounts falling due after more than one year (continued)

The mortgage and other loans are repayable by instalments and the mortgage is charged interest at a commercial rate. In 2008 a new mortgage was taken out as part of the refinancing of the charitable company. The mortgage has a capital redemption holiday until October 2012 and is secured on certain of the Trust's properties. The amount outstanding represents 62% (2009 62%) of the value of the properties charged.

All other loans are interest free and include a loan taken out in 2010 from The Carbon Trust, repayable over four years, as part of the Trust's ongoing refurbishment to its portfolio of properties within Town End.

### 16 Reconciliation of movement in funds

| Group                       | Funds at start<br>of year | Incoming<br>resources | Resources<br>expended | Transfers<br>/investment<br>gains | Funds at end<br>of year |
|-----------------------------|---------------------------|-----------------------|-----------------------|-----------------------------------|-------------------------|
|                             | £000                      | £000                  | £000                  | £000                              | £000                    |
| Unrestricted funds          |                           |                       |                       |                                   |                         |
| General funds               | 1,550                     | 938                   | (934)                 | 9                                 | 1,563                   |
| Revaluation reserve         | 4,187                     | -                     | -                     | 22                                | 4,209                   |
| Warren Collection Fund      | 59                        | -                     | -                     | -                                 | 59                      |
| Collection Assets Fund      | 2,613                     | -                     | -                     | 64                                | 2,677                   |
| Designated Development Fund | 546                       | 48                    | -                     | 7                                 | 601                     |
| Restricted funds            |                           |                       |                       |                                   |                         |
| Income funds                | 194                       | 260                   | (348)                 | 48                                | 154                     |
| Acquisition funds           | 2                         | 20                    | -                     | (19)                              | 3                       |
| Capital funds               | 2,918                     | -                     | (115)                 | (48)                              | 2,755                   |
| Endowment funds             |                           |                       |                       |                                   |                         |
| Endowment Development Fund  | 1,227                     | 40                    | (41)                  | 22                                | 1,248                   |
| RS Woof Memorial Fund       | 246                       | 18                    | (13)                  | 3                                 | 254                     |
|                             | <u>13,542</u>             | <u>1,324</u>          | <u>(1,451)</u>        | <u>108</u>                        | <u>13,523</u>           |

The Revaluation reserve has arisen on the valuation of investments shown in notes 9 and 10.

The Warren Fund has been designated by the trustees for the purchase of books, manuscripts and fine arts. The fund comprises an unrestricted legacy received during 2000.

The Collection Assets Fund represents the amount of Collection assets capitalised. This fund consists of a mixture of both restricted and unrestricted amounts, an allocation of which is not possible.

The Designated Development Fund has been established by the Trust to provide an income that will contribute towards the Trust's core running expenses. The intention is to maintain an income generating fund. Exceptionally, the fund is expendable in the event of a 75% majority decision by the trustees. The terms of the contract under which the Endowment Development Fund was established require that the same conditions apply to the Designated Development Fund, the result of a breach being that the amount given to establish the Endowment Development Fund will be repayable. However, these conditions do not directly apply to the Designated Development Fund, and so it continues to be disclosed as a designated fund within unrestricted funds.

The Endowment Development Fund has been established by the Trust in order to build up a portfolio of investments to provide an alternative source of income. The initial conditions of the amount given to establish the fund are as follows:

- Expenditure must only be incurred for the creation of the fund and running the development office
- Income from the fund must only be applied to projects falling within the Trust's charitable objectives

## Notes (continued)

### 16 Reconciliation of movement in funds (continued)

- The fund will operate on a total return basis from 1st January 2005 to 31st December 2008, so that the Trust can expend the following
  - a) Up to £110,000 p a of the grant towards the annual cost of the development office
  - b) Any amount of income generated by the fund
  - c) Any capital growth in the fund

During 2008 the Trust obtained the donor's agreement to extend the initial terms for a further four years to 31 December 2012

From 1st January 2013, the fund must be treated as a permanent endowment, thereby requiring the then capital element of the fund to remain intact

The entirety of the amount given to establish the fund is repayable in the event of a default

Income generated from the development funds (the Endowment Development Fund and the Designated Development Fund) is classified as unrestricted income. Any capital gains expended, and any further amounts expended under the conditions of the grant, are to be treated as a transfer from the development funds to unrestricted funds in the accounting period of expenditure

The RS Woof Memorial Fund is an endowment fund for the purposes of endowing the post of the Robert Woof Director of the Trust

### 17 Analysis of net assets between funds

| Group   | Unrestricted funds |                             | Endowment funds  |                       | Restricted funds | Total funds 2010 |
|---|--------------------|-----------------------------|------------------|-----------------------|------------------|------------------|
|   | Unrestricted funds | Designated Development Fund | Development Fund | RS Woof Memorial Fund |                  |                  |
|   | £000               | £000                        | £000             | £000                  | £000             | £000             |
| <i>Fund balances at 31 December 2010 represented by</i> |                    |                             |                  |                       |                  |                  |
| Fixed assets  | 9,061              | 493                         | 1,248            | 254                   | 2,755            | 13,811           |
| Current assets  | 519                | 108                         | -                | -                     | 157              | 784              |
| Current liabilities                                     | (60)               | -                           | -                | -                     | -                | (60)             |
| Creditors falling due after one year                    | (1,012)            | -                           | -                | -                     | -                | (1,012)          |
|   | <u>8,508</u>       | <u>601</u>                  | <u>1,248</u>     | <u>254</u>            | <u>2,912</u>     | <u>13,523</u>    |

In the opinion of the trustees, the group's assets are sufficient to fulfil the obligations of the group

| Charitable company                                      | Unrestricted Funds |                             | Endowment Funds  |                       | Restricted funds | Total funds 2010 |
|---|--------------------|-----------------------------|------------------|-----------------------|------------------|------------------|
|   | Unrestricted funds | Designated Development Fund | Development Fund | RS Woof Memorial Fund |                  |                  |
|   | £000               | £000                        | £000             | £000                  | £000             | £000             |
| <i>Fund balances at 31 December 2010 represented by</i> |                    |                             |                  |                       |                  |                  |
| Fixed assets  | 9,068              | 493                         | 1,248            | 254                   | 2,755            | 13,818           |
| Current assets  | 496                | 108                         | -                | -                     | 157              | 761              |
| Current liabilities                                     | (56)               | -                           | -                | -                     | -                | (56)             |
| Debtors falling due after one year                      | 4                  | -                           | -                | -                     | -                | 4                |
| Creditors falling due after one year                    | (1,012)            | -                           | -                | -                     | -                | (1,012)          |
|   | <u>8,500</u>       | <u>601</u>                  | <u>1,248</u>     | <u>254</u>            | <u>2,912</u>     | <u>13,515</u>    |



**Notes (continued)**

**18 Share capital**

The charitable company is limited by guarantee and as such, has no share capital. In the event of the charitable company being wound up, the guarantee of each member is limited to £1.

**19 Capital commitments**

Capital commitments at the end of the financial year for which no provision has been made are as follows:

|                                       | 2010 | 2009 |
|---------------------------------------|------|------|
|                                       | £000 | £000 |
| Authorised but not committed          | -    | -    |
| Against which orders have been placed |      |      |
| Shop redevelopment                    | -    | 30   |

Annual commitments under operating leases are as follows:

|  | 2010<br>Land and<br>buildings<br>£000 | 2009<br>Land and<br>buildings<br>£000 |
|--|---------------------------------------|---------------------------------------|
| <i>Group and charitable company</i>                      |                                       |                                       |
| Operating leases which expire<br>in more than five years | 10                                    | 10                                    |

**20 Related party transactions**

With the agreement of the Charity Commission, Mrs P Woof, the President, lives in a Trust property with council tax and utility bills paid by the Trust. In 2010 this benefit amounted to £4,078 (2009 £3,190).