

CHARITY COMMISSION

**The Brewery Arts Centre
Endowment Trust**

Registration number: 1065424

**Annual Report and Financial
Statements**

31 March 2022

The logo for dodd & co features a stylized 'd' composed of three overlapping circles, followed by the text 'odd&co' in a lowercase, sans-serif font.

The Brewery Arts Centre Endowment Trust

Contents

Reference and Administrative Details	1
Trustees' report	2
Trustees' responsibilities	5
Independent examiner's report	6
Statement of financial activities	7
Balance sheet	8
Notes to the financial statements	9

The Brewery Arts Centre Endowment Trust
Reference and Administrative Details

Charity name	The Brewery Arts Centre Endowment Trust
Charity registration number	1065424
Principal office	1d Low House Business Centre WINDERMERE LA23 3NA
Registered office	1d Low House Business Centre WINDERMERE LA23 3NA
Trustees	P R W Hensman C S Fairclough J M Plumptre H Pring M M Scott
Secretary	S Wiggins
Bankers	Barclays Bank plc 9 Highgate KENDAL LA9 4DF
Accountant	Dodd & Co Limited FIFTEEN Rosehill Montgomery Way Rosehill Estate CARLISLE CA1 2RW
Investment Advisor	Cazenove Capital Management Limited 12 Moorgate LONDON EC2R 6DA

The Brewery Arts Centre Endowment Trust
Trustees' Report for the Year Ended 31 March 2022

The trustees present their report with the financial statements of the charity for the year ended 31 March 2022. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Structure, governance and management

The Brewery Arts Centre Endowment Trust (BACET) was established by Deed of Trust dated 20 November 1997 which was amended by a Deed of Amendment of Declaration of Trust dated 25 February 2002.

BACET was established as a result of the great generosity of the Francis C. Scott and the Frieda Scott Charitable Trusts. Both trusts made donations totaling £1.550m in total, the purpose of which is, subject to the discretion of the BACET trustees, to generate funds to help defray the running costs of Kendal Brewery Arts Centre Trust (KBACT). The original donation must be maintained and is not available for distribution.

Recruitment and appointment of new trustees

Under the terms of the Deed of Amendment of Declaration of Trust dated 25 February 2002 the trustees of the Francis C. Scott Charitable Trust are entitled to nominate three trustees and the trustees of the Frieda Scott Charitable Trust are entitled to nominate two trustees. Trustees shall hold office for a term of five years from the date of their appointment and shall be eligible for re-appointment.

Organisational structure

The charity does not employ any staff directly; it uses the services of RJB Limited to provide secretarial services. Details of the trustees who served during the year are set out on page 1.

All trustees give of their time freely and no trustee remuneration or expenses were paid in the year. Trustees are required to disclose all relevant interests to the other trustees and in accordance with the charity's policy withdraw from decisions where a conflict of interest arises.

The trustees meet regularly in order, inter alia, to monitor the performance of the investment portfolio and to determine the level of maintenance funding to KBACT. There are no sub committees.

Induction and training of new trustees

An induction pack is available to any new trustee which includes a copy of the trust deed, a summary of the trust's objectives, a copy of the Charity Commission's guide on the duties of a trustee, details of the investment portfolio and the most recent financial statements.

Objectives and aims

BACET exists to provide financial assistance to the Kendal Brewery Arts Centre Trust Limited (KBACT).

The objective is met by establishing the amount of funding to be provided to KBACT, setting and maintaining a supportive investment policy and distributing an appropriate amount of income arising on the charity's general fund accordingly. The BACET trustees may, however, at their discretion also appropriate capital gains for this purpose.

Public benefit

The trustees confirm that that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives, in planning future activities and setting the grant making policy for the year.

The public benefit is the financial assistance provided to KBACT, itself a registered charity, in order to help it to continue to deliver its public benefit.

Grantmaking policy

Grants are only made to KBACT in accordance with the objectives stated above. The trustees consider that no detriment or harm arises from the grants made.

The Brewery Arts Centre Endowment Trust
Trustees' Report for the Year Ended 31 March 2022

Achievements and performance

The trust's sole beneficiary, KBACT, continued to require support during the year and the trustees approved the maximum grant they thought was appropriate to support it.

Financial review

The trust's support for its beneficiary is reliant on the income from its investments which was £41,185 (2021 - £52,707) and the gains on investments. The net gain on investment assets was £120,201 (2021 - £316,775) and was made up of a gain of £21,046 (2021 - £141,846) on the sale of investments and an unrealised gain of £99,155 (2021 - £174,929) on investments held at the year end.

The fund managers' fees have increased to £10,752 (2021 - £9,701).

The funding provided to KBACT consisted of a maintenance grant of £66,000 (2021 - £55,200). This was paid from investment income and a transfer of £38,000 from permanent endowment. In 2021, an additional project grant of £12,000 was paid to KBACT.

The secretarial fees increased to £1,540 (2021 - £988).

Total funds at the year end increased from £2,097,217 to £2,178,867 following the recovery of the stock market after the impact of COVID-19.

Investment policy and performance

The trust's investment assets are managed by external fund managers, Cazenove Capital Management Limited. There were no restrictions on the charity's power to invest and the funds are invested in a portfolio of investment funds.

It is the objective of the trustees to invest the trust funds to produce a distributable amount that, over time, grows, at a minimum, in line with inflation (as measured by CPI). To achieve this, they need to ensure that the real value of the endowment fund is maintained over the longer term.

On 7 January 2021, the trustees made a resolution under section 104(A) of the Charities Act 2011 to adopt a total return on investment approach to the permanent endowment fund. On 1 April 2021, the board identified the value of the gifts of permanent endowment received since the fund was established to be £1,550,000. This set the baseline value of the gift component of the endowment. The difference between the total of endowment funds as at 1 April 2021 and the value of the gift component represented the opening balance of unapplied total return. The power of total return permits the trustees to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. Until this power is exercised, the unapplied total return remains invested as part of the permanent endowment.

In order to decide the level of transfer to income, the trustees sought advice from the charity's Investment Manager, as to the likely investment trends and the maintenance of the real value of the investment fund.

As a result of the change in investment policy, a new benchmark was adopted for performance measurement. The benchmark operated by Cazenove Capital Management Limited for the Fund was constructed as follows:

Index	Benchmark weighting %
FTSE All Share GBP	40
MSCI AC World NR	30
FTSE Government Securities All Stocks TR	15
SONIA GBP	10
IPD Property index Other Balanced TR	5

One year total return to 31 March 2022 was 7.3% (2021: - 20.1%) and the composite benchmark was 9.2% (2021: 20.7%). Five years total return to 31 March 2022 was 4.0% and the composite benchmark was 5.9%.

The trustees compared the performance of their Investment Managers with the benchmark over the period and the longer term and keep this under regular review.

The Brewery Arts Centre Endowment Trust
Trustees' Report for the Year Ended 31 March 2022

Reserves policy

The trustees need to retain sufficient cash in unrestricted funds to enable regular grant payments to be made to KBACT. Funds are transferred from Permanent Endowment to unrestricted funds in line with the total return policy and together with income received should be adequate to meet these requirements.

At 31 March 2022 unrestricted funds were showing a surplus of £17,126 (2021 - £6,925) which the trustees believe is adequate to fund on-going grant payments.

Going concern

The trustees have considered the effect on the charity of recent events. In the year ended 31 March 2022 investment values continued to recover although the war in Ukraine and the cost of living crisis have had a negative impact since the start of 2022. However, with the unapplied total return (excess of the current value of the portfolio over the original value of grants received) standing at £611,741 at 31 March 2022 and with the trustees ability to reduce grant payments to the beneficiary if necessary, the trustees have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

Risk management

The charity trustees have considered and reviewed the major risks to which the charity is exposed and have established systems and procedures to manage those risks. The trustees consider variability of investment returns on the permanent and expendable endowment funds to constitute the charity's major risk. This risk is managed by the appointment of external fund managers whose performance is regularly monitored by the trustees.

Internal control risks are minimised by the implementation of procedures for authorisation of all transactions. These procedures are periodically reviewed to ensure they continue to meet the needs of the charity.

Future plans

The charity plans to continue the activities outlined above in the forthcoming years subject to the satisfactory performance of its investment portfolio.

Approved by the Trustees on 13 July 2022 and signed on their behalf by:



P R W Hensman
Trustee

The Brewery Arts Centre Endowment Trust
Trustees' Responsibilities in relation to the Financial Statements

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations and the provisions of the trust deed. They are responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection fraud and other irregularities.

**Independent Examiner's Report to the Trustees of
The Brewery Arts Centre Endowment Trust**

I report on the accounts of the charity for the year ended 31 March 2022, which are set out on pages 7 to 15.

Your attention is drawn to the fact that the Charity has prepared the financial statements in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has since been withdrawn.

We understand that this has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2019.

Respective responsibilities of trustees and examiner

The Charity's trustees are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- follow the procedures laid down in the General Directions given by the Charity Commission under section 145 (5) (b) of the 2011 Act; and
- state whether particular matters have come to my attention.


Basis of independent examiner's report

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 130 of the Charities Act 2011; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of the 2011 Acthave not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.


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Joanne Thompson FCA
Dodd & Co Limited
Chartered Accountants

13 July 2022

FIFTEEN Rosehill
Montgomery Way
Rosehill Estate
CARLISLE
CA1 2RW

The Brewery Arts Centre Endowment Trust
Statement of Financial Activities for the Year Ended 31 March 2022

	Note	Unrestricted Funds £	Endowment Funds £	Total Funds 2022 £	Total Funds 2021 £
Income					
Investment income	2	-	41,185	41,185	52,707
Total income		-	41,185	41,185	52,707
Expenditure					
Raising funds		-	10,752	10,752	9701
Charitable activities		68,984	-	68,984	69,992
Total expenditure		68,984	10,752	79,736	79,693
Gains/(losses) on investment assets		-	120,201	120,201	316,776
Net income/(expenditure)		(68,984)	150,634	81,650	289,790
Transfers between funds		79,185	(79,185)	-	-
Net movement in funds		10,201	71,449	81,650	289,790
Reconciliation of funds					
Total funds brought forward		6,925	2,090,292	2,097,217	1,807,427
Total funds carried forward		17,126	2,161,741	2,178,867	2,097,217

The Brewery Arts Centre Endowment Trust
Balance Sheet as at 31 March 2022

		2022		2021	
	Note	£	£	£	£
Fixed assets					
Investments	8		2,164,431		2,081,335
Current assets					
Debtors	9	-		2,910	
Cash at bank and in hand		20,106		18,258	
		<u>20,106</u>		<u>21,168</u>	
Creditors: Amounts falling due within one year	10	<u>(5,670)</u>		<u>(5,286)</u>	
Net current assets			<u>14,436</u>		<u>15,882</u>
Net assets			<u>2,178,867</u>		<u>2,097,217</u>
The funds of the charity:					
Endowment funds			2,161,741		2,090,292
Unrestricted funds					
Unrestricted income funds			<u>17,126</u>		<u>6,925</u>
Total charity funds			<u>2,178,867</u>		<u>2,097,217</u>

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Approved by the Board on 13 July 2022 and signed on its behalf by:



P R W Hensman
Trustee

The Brewery Arts Centre Endowment Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

1 Accounting policies

Statement of compliance

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements have been prepared in accordance with the second edition of the Charities Statement of Recommended Practice issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Basis of preparation

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

Going concern

These financial statements have been prepared on a going concern basis.

Fund accounting policy

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

Further details of each fund are disclosed in note 12.

Income and endowments

Investment income is recognised on a receivable basis.

Expenditure

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Costs of raising funds are the investment management costs incurred by the charity,

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Grants payable are payments made to third parties in the furtherance of the charitable objectives. Where the charity gives a grant with conditions for its payment being a specific level of service or output to be provided, such grants are only recognised in the SoFA once the recipient of the grant has provided the specific service or output.

Grants payable without performance conditions are only recognised in the accounts when a commitment has been made and there are no conditions to be met relating to the grant which remain in the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

The Brewery Arts Centre Endowment Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

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Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Investments

Fixed asset investments are included at market value at the balance sheet date.

Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the statement of the financial activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the statement of financial activities based on the market value at the year end.

2 Investment income

	Unrestricted Funds £	Endowment Funds £	Total Funds 2022 £	Total Funds 2021 £
Dividends	-	41,185	41,185	52,707

All of the investment income in 2021 related to unrestricted funds.

The Brewery Arts Centre Endowment Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

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3 Expenditure

	Investment management	Grant funding of activities	Total 2022	Total 2021
	£	£	£	£
Direct costs				
Kendal Brewery Arts Centre Trust Limited	-	66,000	66,000	67,200
Portfolio management costs	10,752	-	10,752	9,701
	<u>10,752</u>	<u>66,000</u>	<u>76,752</u>	<u>76,901</u>
Support costs				
Sundry expenses	-	4	4	4
Accountancy fees	-	940	940	-
Auditors' remuneration	-	-	-	1,320
Auditors' remuneration - non audit work	-	-	-	480
Independent examiner's fee	-	500	500	-
Consultancy fees	-	1,540	1,540	988
	<u>-</u>	<u>2,984</u>	<u>2,984</u>	<u>2,792</u>
	<u>10,752</u>	<u>68,984</u>	<u>79,736</u>	<u>79,693</u>

Of the expenditure in 2021 £69,992 related to unrestricted funds and £9,701 related to endowment funds.

4 Grants to institutions

Name of Institution	Activity	£
Kendal Brewery Arts Centre Trust Limited	Grant funding of activities	<u>66,000</u>

5 Governance costs

	2022	2021
	£	£
Accountancy fees	940	-
Auditors remuneration	-	1,320
Auditors remuneration - non audit work	-	480
Independent examiner's fee	500	-
Consultancy fees	1,540	988
	<u>2,980</u>	<u>2,788</u>

6 Trustees' remuneration and expenses

No trustees received any remuneration or expenses during the year.

The Brewery Arts Centre Endowment Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

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7 Taxation

The registered charity is exempt from taxation on income and gains.

8 Investments held as fixed assets

	Listed investments £	Cash deposits £	Total £
Market value			
As at 1 April 2021	1,898,330	183,005	2,081,335
Revaluation	120,201	-	120,201
Additions	778,959	705,611	1,484,570
Disposals	(694,155)	(827,520)	(1,521,675)
As at 31 March 2022	2,103,335	61,096	2,164,431
Net book value			
As at 31 March 2022	2,103,335	61,096	2,164,431
As at 31 March 2021	1,898,330	183,005	2,081,335

All investment assets were held in the UK.

9 Debtors

	2022 £	2021 £
Prepayments and accrued income	-	2,910

10 Creditors: Amounts falling due within one year

	2022 £	2021 £
Accruals and deferred income	5,670	5,286

11 Related parties

Controlling entity

The charity is controlled by the trustees.

The Brewery Arts Centre Endowment Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

12 Analysis of funds

	At 1 April 2021	Incoming resources	Resources expended	Transfers	Other recognised gains/losses	At 31 March 2022
	£	£	£	£	£	£
General Funds						
Unrestricted income fund	6,925	-	(68,984)	79,185	-	17,126
Permanent Endowment						
Permanent endowment	<u>2,090,292</u>	<u>41,185</u>	<u>(10,752)</u>	<u>(79,185)</u>	<u>120,201</u>	<u>2,161,741</u>
	<u>2,097,217</u>	<u>41,185</u>	<u>(79,736)</u>	<u>-</u>	<u>120,201</u>	<u>2,178,867</u>

Permanent endowment funds - This represents funds of £1,550,000 originally received from both The Francis C Scott Charitable Trust and The Frieda Scott Charitable Trust under the Declaration of Trust dated 25 September 1997 ("the Trust Deed"). Under the terms of the Trust Deed any capital appreciation of the original total donation of £1,550,000 can, at the discretion of the trustees, be applied towards the objects of the charity.

The Brewery Arts Centre Endowment Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

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Prior period

	At 1 April 2020	Incoming resources	Resources expended	Transfers	Other recognised gains/losses	At 31 March 2021
	£	£	£	£	£	£
General Funds		-				
Unrestricted income fund	15,689	52,707	(69,992)	8,521	-	6,925
Endowment Funds						
Permanent endowment	1,550,000	-	-	-	-	1,550,000
Expendable endowment	241,738	-	(9,701)	(8,521)	316,776	540,292
	<u>1,791,738</u>	<u>-</u>	<u>(9,701)</u>	<u>(8,521)</u>	<u>316,776</u>	<u>2,090,292</u>
	<u>1,807,427</u>	<u>-</u>	<u>(79,693)</u>	<u>-</u>	<u>316,776</u>	<u>2,097,217</u>

13 Total return on investments

	Trust for investment	Unapplied total return	Total endowment
At 1 April 2021	1,550,000	540,292	2,090,292
Movements in reporting period:			
Investment income	-	41,185	41,185
Investment return: realised and unrealised gains/losses	-	120,201	120,201
Less: investment management costs	-	(10,752)	(10,752)
Total	-	<u>150,634</u>	<u>150,634</u>
Unapplied total return allocated to income in the reporting period	-	(79,185)	(79,185)
Net movements in reporting period	-	<u>71,449</u>	<u>71,449</u>
As at 31 March 2022	<u>1,550,000</u>	<u>611,741</u>	<u>2,161,741</u>

14 Transfers

In order to conform with the trust's total return investment policy, a transfer of capital of £38,000 was made from permanent endowment to income in the year, along with £41,185 of investment income received in the year.

The Brewery Arts Centre Endowment Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

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15 Net assets by fund

	Unrestricted Funds	Endowment Funds	Total Funds 2022	Total Funds 2021
	£	£	£	£
Investments	-	2,164,431	2,164,431	2,081,335
Current assets	20,106	-	20,106	21,168
Creditors: Amounts falling due within one year	(2,980)	(2,690)	(5,670)	(5,286)
Net assets	<u>17,126</u>	<u>2,161,741</u>	<u>2,178,867</u>	<u>2,097,217</u>

Prior period

	Unrestricted Funds	Endowment Funds	Total Funds 2021	Total Funds 2020
	£	£	£	£
Investment	-	2,081,335	2,081,335	1,774,294
Current assets	9,713	11,455	21,168	38,193
Creditors: Amounts falling due within one year	(2,788)	(2,498)	(5,286)	(5,060)
Net assets	<u>6,925</u>	<u>2,090,292</u>	<u>2,097,217</u>	<u>1,807,427</u>

