

CHARITY REGISTRATION NUMBER: 310671

The Castle House Trust
Financial Statements
For the Year Ended
31st December 2020

The Castle House Trust
Financial Statements
Year Ended 31st December 2020

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The Castle House Trust
Trustees' Annual Report
Year Ended 31st December 2020

The trustees present their report and the financial statements of the charity for the year ended 31st December 2020.

Reference and Administrative Details

Registered charity name The Castle House Trust

Charity registration number 310671

Principal office Castle House
Dedham
Colchester
CO7 6AZ

The Trustees R.J.C. Johnston
D.M. Archer O.B.E.
M.J. Parker
A. Tolhurst
C. Aldous

Auditor Peyton Tyler Mears
Chartered accountants & statutory auditor
Middleborough House
16 Middleborough
Colchester
Essex
CO1 1QT

Solicitors Stone King
Wellington House
East Road
Cambridge
CB1 1BH

The Castle House Trust
Trustees' Annual Report *(continued)*
Year Ended 31st December 2020

Structure, Governance and Management

Legal Status

The Castle House Trust was established by Trust Deeds dated 19th July 1966.

The governing instruments of the Trust are:

Voluntary Settlement dated 31st January 1962

Voluntary Settlement dated 19th July 1966

Conveyance dated 19th July 1966

Organisation

The charity is managed by a Board of Trustees. The trustees are not connected charities or companies and no single trustee is in overall control.

The Trust remains unincorporated, governed by its original trust deeds. The trustees believe that a corporate structure is more suitable and a new charitable company has been approved by the Charity Commission. Trustees are also Directors of the charitable company which since 2015 remains a shell company.

There have been five trustees throughout the year with no retirement or new appointments.

Jenny Hand, the full-time Museum Director since 2013 reports to the Trustees. She oversees the day to day management and operation of the Trust and museum which includes other staff and subcontractors and a nine person research and development team along with around 80 room stewards.

Financial Controls

The trustees maintain financial controls over the assets of the Trust and meet regularly to decide strategies as to how to use the resources available in respect of both day to day running of the museum and of refurbishment programmes.

Investment Powers and Restrictions

The investment objective is to provide the maximum total return that is commensurate with moderate risk exposure that the Trustees feel able to accept with our funds and assets.

The returns obtained, together with any admission charges or surplus from other activities, together with admission fees and other income, are used to pursue the objectives of the trust and, to maintain the Sir Alfred Munnings Art Museum in good repair, conserve its collection and to make it available for public view, together with the provision of such additional services - for example education - as may be appropriate.

The attitude to risk is that while a level of risk is required for any investment, the funds should not be exposed to extraordinary risk. The Trustees will not restrict the investment manager from achieving the investment objectives.

The Castle House Trust
Trustees' Annual Report *(continued)*
Year Ended 31st December 2020

Objectives and Activities

The objective of the Trust continues to be the operation of an art museum for the benefit of the public. The museum's premises at Castle House, Dedham, Essex was once the home of artist, Sir Alfred Munnings. The paintings within the collection and on display are predominately by Munnings. Sir Alfred's widow endowed the Trust in the 1960s with the house and surrounding land along with the collection of paintings which form the core of the collection.

Public Benefit

The museum is open to the public from Wednesday to Sunday and Bank Holiday Mondays from 1st April until 30th October and at other times for pre-booked groups and tours. In 2019 the season was extended on account of the significant interest in the exhibition of Munnings' WW1 paintings. We also hold special events and workshops during the peak summer months.

Achievements and Performance

The museum sector, like so many, was impacted heavily by the effects of COVID-19. The Munnings Art Museum was no exception. Even after we were allowed to open, visitor numbers had to be tightly controlled in order to safeguard our staff, volunteers as well as the public. Visitors had to buy timed entry tickets online, in advance. The contrast with 2019 when we saw record visitor numbers could hardly have been greater.

As a small organisation with few staff we were able to adapt quickly to the new circumstances. Meetings between the Museum Director and trustees moved online and an emergency budget was approved early in the pandemic. There were many areas where reducing expenditure would have been a false economy but we were still able to reduce expenditure considerably relative to 2019.

Government restrictions requiring the museum sector to close took effect just as the museum was set to open for the new season. However, our prudent approach to both our investments and cash management ensured there was no shortage of liquidity despite the absence of ticket sales. For some time we have maintained cash reserves at the bank of around six months of anticipated expenditure. Although our revised budget anticipated a shortfall of income relative to expenditure we were confident that our cash reserves were sufficient for the crisis. We maintained regular contact with our investment managers, Schroder Cazenove, advising them early on that we saw no need for any additional drawings. With no need to raise funds the portfolio benefitted fully from the recovery in global markets. As a result, despite a substantial fall in income, the charity's net financial assets grew year-on-year.

The charity's primary purpose is to be a museum open to the public. That is difficult when the museum is not allowed to open but we were not alone in discovering a demand for online engagement including social media initiatives and virtual tours. These are likely to continue even after normal visiting conditions return. Munnings has an international following and curated virtual tours allows people who might never be able to visit the museum to experience it virtually.

The Castle House Trust

Trustees' Annual Report *(continued)*

Year Ended 31st December 2020

Achievements and Performance *(continued)*

The museum re-opened in August for pre-booked, in-person visits. Opening hours were extended but a tight cap on visitor numbers enabled us to reduce the number of volunteer room stewards needed at any one time. It is a tribute to the professionalism of the Museum Director and the confidence she inspires that virtually all of our volunteers returned when the museum re-opened.

The WW1 paintings, which had drawn visitors in such large numbers had returned to Canada at the end of 2019. In its place, a special focus was placed on paintings from the 1920s and 1930s. It was during this period that Munnings received so many commissions for equestrian portraits. Not only did the special exhibition follow chronologically from the WW1 paintings the new exhibition coincided with our publication of a volume of letters between Alfred Munnings and his wife, Violet, which cover this period. The letters provide context and insights into the period and some of the paintings displayed. The book, 'Yours with Love, AJ' draws on letters from the museum's archives which were transcribed and selected by Brenda Parrish, one of the museums senior curators.

There is limited space within the archives and the need for 'social distancing' impacted the amount of research the curatorial team could undertake during the year. However, the enthusiasm shown by those who were able to see our new exhibition was a reminder that a successful museum has to do more than simply open its doors to the public. Our collection contains not only great art but also a social history of the late nineteenth and the first half of the twentieth centuries. With the passing of time, visitors increasingly value the context and history which accompanies our public displays.

Auction houses had already been offering virtual viewings and online bidding before Covid arrived and paintings passing through auction houses and dealers continued to provide a valuable income for the museum through the artist resale right. The museum's curatorial team is consulted with increasingly frequency by researchers at dealers and auction houses. Strengthening our relationships with auction houses and dealers raises awareness of the museum, increases our own knowledge of paintings in private collections and enables us to borrow and display works not normally accessible to the public.

2020 was not the year we were expecting but the museum's response to events showed the professionalism of the management team, led by Jenny Hand, the Museum Director and also demonstrated the value of the breadth of experience among the trustees.

Events after the End of the Reporting Period

Particulars of events after the reporting date are detailed in note 26 to the financial statements.

Trustees' Responsibilities Statement

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the charity trustees to prepare financial statements for each 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.

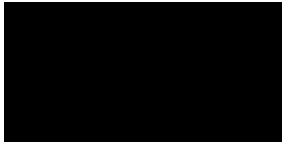
The Castle House Trust
Trustees' Annual Report *(continued)*
Year Ended 31st December 2020

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 applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 are sufficient to show and explain the charity's transactions and 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 applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust Deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' annual report was approved on21/6/21..... and signed on behalf of the board of trustees by:



R.J.C. Johnston
Trustee

The Castle House Trust

Independent Auditor's Report to the Trustees of The Castle House Trust

Year Ended 31st December 2020

Opinion

We have audited the financial statements of The Castle House Trust (the 'charity') for the year ended 31st December 2020 which comprise the statement of financial activities, statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for Opinion

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

Conclusions Relating to Going Concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Emphasis of Matter

Attention is drawn to "Basis of preparation" and "Going Concern" paragraphs in note 3.

The Castle House Trust

Independent Auditor's Report to the Trustees of The Castle House Trust *(continued)*

Year Ended 31st December 2020

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on Which We are Required to Report by Exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Castle House Trust

Independent Auditor's Report to the Trustees of The Castle House Trust *(continued)*

Year Ended 31st December 2020

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We consider the nature and risk of the charity sector, the charity's control environment and results of our enquiries of management. We consider whether relevant laws and regulations are being complied with and discuss with management whether they are aware of any non-compliance. To do this we review the financial statements and test random sample based transactions with supporting documentation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.

The Castle House Trust

Independent Auditor's Report to the Trustees of The Castle House Trust *(continued)*

Year Ended 31st December 2020

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of Our Report

This report is made solely to the charity's Trustees, as a body, in accordance with section 145 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Middleborough House
16 Middleborough
Colchester
Essex

CO1 1QT

For and on behalf of
Peyton Tyler Mears
Chartered accountants & statutory auditor

Peyton Tyler Mears is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

The Castle House Trust
Statement of Financial Activities
Year Ended 31st December 2020

		2020				2019
	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds £	Total funds £
Income and endowments						
Donations and legacies	4	16,472	–	–	16,472	8,831
Charitable activities	5	118,053	–	–	118,053	226,833
Investment income	6	41,382	–	–	41,382	63,720
Other income	7	10,351	–	–	10,351	16,030
Total income		<u>186,258</u>	<u>–</u>	<u>–</u>	<u>186,258</u>	<u>315,414</u>
Expenditure						
Expenditure on raising funds:						
Costs of other trading activities	8	(35,633)	–	–	(35,633)	(57,679)
Investment management costs	9	(13,252)	–	–	(13,252)	(12,408)
Expenditure on charitable activities	10	(169,387)	–	–	(169,387)	(236,536)
Total expenditure		<u>(218,272)</u>	<u>–</u>	<u>–</u>	<u>(218,272)</u>	<u>(306,623)</u>
Net gains on investments	12	51,569	–	–	51,569	168,603
Net income and net movement in funds		<u>19,555</u>	<u>–</u>	<u>–</u>	<u>19,555</u>	<u>177,394</u>
Reconciliation of funds						
Total funds brought forward		2,190,678	456,901	11,284	2,658,863	2,481,469
Total funds carried forward		<u>2,210,233</u>	<u>456,901</u>	<u>11,284</u>	<u>2,678,418</u>	<u>2,658,863</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 12 to 23 form part of these financial statements.

The Castle House Trust
Statement of Financial Position
31st December 2020

	Note	2020 £	2019 £
Fixed Assets			
Tangible fixed assets	16	535,886	542,122
Investments	18	1,976,576	1,969,282
		<u>2,512,462</u>	<u>2,511,404</u>
Current Assets			
Stocks	19	48,688	32,655
Debtors	20	16,813	24,193
Cash at bank and in hand		112,816	112,987
		<u>178,317</u>	<u>169,835</u>
Creditors: amounts falling due within one year	21	<u>12,361</u>	<u>22,376</u>
Net Current Assets		<u>165,956</u>	<u>147,459</u>
Total Assets Less Current Liabilities		<u>2,678,418</u>	<u>2,658,863</u>
Net Assets		<u>2,678,418</u>	<u>2,658,863</u>
Funds of the Charity			
Endowment funds		11,284	11,284
Restricted funds		456,901	456,901
Unrestricted funds		2,210,233	2,190,678
Total charity funds	24	<u>2,678,418</u>	<u>2,658,863</u>

These financial statements were approved by the board of trustees and authorised for issue on,
and are signed on behalf of the board by:

R.J.C. Johnston
Trustee

The notes on pages 12 to 23 form part of these financial statements.

The Castle House Trust
Notes to the Financial Statements
Year Ended 31st December 2020

1. General Information

The charity is a public benefit entity and a registered charity in England and Wales and is unincorporated. The address of the principal office is The Sir Alfred Munnings Art Museum, Castle House, Dedham, Colchester, CO7 6AZ.

2. Statement of Compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Charities Act 2011.

3. Accounting Policies

Basis of Preparation

The financial statements have been prepared on the historical cost basis.

Going Concern

The Trustees intention is to transfer the charity to a charitable company in the near future and so the accounts are not prepared on a going concern basis but no adjustments are required to the carrying value of assets and liabilities as they will be transferred at net book value.

Disclosure Exemptions

Advantage has been taken of the following disclosure exemptions available:

- (a) No cash flow statement has been presented for the charity.
- (b) Disclosures in respect of financial instruments have not been presented.

Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fund Accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure or disposal declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

The Castle House Trust

Notes to the Financial Statements *(continued)*

Year Ended 31st December 2020

3. Accounting Policies *(continued)*

Incoming Resources

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from sale of goods and museum admissions is recognised at the point of sale.
- other income in the form of copyright fees and investment income is recognised when receipt is probable and entitlement is established.

Resources Expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of museum shop goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

Tangible Assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset as follows:

Garden equipment	-	25% straight line
Office equipment	-	25% straight line
Tea Room	-	10% to 25% straight line

Buildings, pictures, furniture and chattels are not depreciated because their residual value is such that any depreciation would be immaterial.

The Castle House Trust

Notes to the Financial Statements *(continued)*

Year Ended 31st December 2020

3. Accounting Policies *(continued)*

Heritage Assets

Heritage assets measured under the cost model are recognised initially recorded at acquisition cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Investments

Unlisted equity investments are initially recorded at cost, and subsequently measured at fair value. If fair value cannot be reliably measured, assets are measured at cost less impairment.

Listed investments are measured at fair value with changes in fair value being recognised in income or expenditure.

Impairment of Fixed Assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the charity are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price. Cost includes all costs of purchase and other costs incurred in bringing the stock to its present location and condition.

Government Grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the charity will comply with the conditions attaching to them and the grants will be received.

Where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

The Castle House Trust

Notes to the Financial Statements *(continued)*

Year Ended 31st December 2020

3. Accounting Policies *(continued)*

Financial Instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted. Where investments in shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in income and expenditure. All other such investments are subsequently measured at cost less impairment. Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

4. Donations and Legacies

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Donations				
Sundry donations received	746	746	5,207	5,207
Grants				
Environmentally sensitive area scheme grant	3,737	3,737	3,264	3,264
Government grant income	11,159	11,159	–	–

The Castle House Trust

Notes to the Financial Statements *(continued)*

Year Ended 31st December 2020

4. Donations and Legacies *(continued)*

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Subscriptions				
Subscriptions	830	830	360	360
	<u>16,472</u>	<u>16,472</u>	<u>8,831</u>	<u>8,831</u>

5. Charitable Activities

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Sales of catalogues, prints, paperback books, etc	19,951	19,951	60,508	60,508
Copyright fees for reproductions	88,250	88,250	62,265	62,265
Open house admission fees	4,048	4,048	91,306	91,306
Workshops & Summer school	4,964	4,964	–	–
Miscellaneous income	580	580	1,490	1,490
Events	260	260	11,264	11,264
	<u>118,053</u>	<u>118,053</u>	<u>226,833</u>	<u>226,833</u>

6. Investment Income

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Income from listed investments	<u>41,382</u>	<u>41,382</u>	<u>63,720</u>	<u>63,720</u>

7. Other Income

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Rent received	<u>10,351</u>	<u>10,351</u>	<u>16,030</u>	<u>16,030</u>

The Castle House Trust

Notes to the Financial Statements *(continued)*

Year Ended 31st December 2020

8. Costs of Other Trading Activities

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Fundraising trading - Shop and education costs	20,643	20,643	29,336	29,336
Advertising	6,640	6,640	10,271	10,271
Stewarding costs	1,039	1,039	3,881	3,881
Exhibition costs	3,683	3,683	5,391	5,391
Events	3,628	3,628	8,800	8,800
	<u>35,633</u>	<u>35,633</u>	<u>57,679</u>	<u>57,679</u>

9. Investment Management Costs

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Portfolio management	13,252	13,252	12,408	12,408
	<u>13,252</u>	<u>13,252</u>	<u>12,408</u>	<u>12,408</u>

10. Expenditure on Charitable Activities by Fund Type

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Costs of running the museum	149,229	149,229	200,477	200,477
Support costs	20,158	20,158	36,059	36,059
	<u>169,387</u>	<u>169,387</u>	<u>236,536</u>	<u>236,536</u>

11. Analysis of Support Costs

	Running of the museum £	Total 2020 £	Total 2019 £
General office	2,887	2,887	11,387
Depreciation	6,775	6,775	7,801
Legal & professional fees	6,596	6,596	13,271
Audit fee	3,900	3,900	3,600
	<u>20,158</u>	<u>20,158</u>	<u>36,059</u>

The Castle House Trust

Notes to the Financial Statements *(continued)*

Year Ended 31st December 2020

12. Net Gains on Investments

	Unrestricted Funds	Total Funds 2020	Unrestricted Funds	Total Funds 2019
	£	£	£	£
Gains/(losses) on listed investments	<u>51,569</u>	<u>51,569</u>	<u>168,603</u>	<u>168,603</u>

13. Net Income

Net income is stated after charging/(crediting):

	2020	2019
	£	£
Depreciation of tangible fixed assets	6,774	7,801
Fees payable for the audit of the financial statements	3,900	<u>3,600</u>

14. Staff Costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2020	2019
	£	£
Wages and salaries	74,081	73,610
Social security costs	2,010	2,992
Employer contributions to pension plans	3,823	3,142
	<u>79,914</u>	<u>79,744</u>

The average head count of employees during the year was 3 (2019: 3).

No employee received employee benefits of more than £60,000 during the year (2019: Nil).

15. Trustees Remuneration and expenses

No trustee received remuneration during the year (2019: Nil).

The Castle House Trust

Notes to the Financial Statements *(continued)*

Year Ended 31st December 2020

16. Tangible Fixed Assets

	Land and buildings £	Garden equipment £	Office equipment £	Paintings, furniture & chattels £	Tea Room £	Total £
Cost						
At 1 Jan 2020	130,657	24,152	67,211	456,901	29,387	708,308
Additions	–	–	538	–	–	538
At 31 Dec 2020	<u>130,657</u>	<u>24,152</u>	<u>67,749</u>	<u>456,901</u>	<u>29,387</u>	<u>708,846</u>
Depreciation						
At 1 Jan 2020	59,275	21,090	57,041	–	28,780	166,186
Charge for the year	–	1,750	4,620	–	404	6,774
At 31 Dec 2020	<u>59,275</u>	<u>22,840</u>	<u>61,661</u>	<u>–</u>	<u>29,184</u>	<u>172,960</u>
Carrying amount						
At 31 Dec 2020	<u>71,382</u>	<u>1,312</u>	<u>6,088</u>	<u>456,901</u>	<u>203</u>	<u>535,886</u>
At 31 Dec 2019	<u>71,382</u>	<u>3,062</u>	<u>10,170</u>	<u>456,901</u>	<u>607</u>	<u>542,122</u>

The Balance Sheet figures for Castle House, Castle Cottage and land is stated at the 1959 probate value. The Balance Sheet figures for paintings, furniture and chattels is the 1959 probate value plus additions purchased at cost or donated value.

The market value of the freehold property, paintings, furniture and chattels greatly exceeds the book value and consequently the Trustees do not consider it appropriate to provide depreciation on these assets.

17. Heritage Assets

The charity holds heritage assets, which are tangible fixed assets of historical, artistic or scientific importance that are held to advance preservation and conservation objectives of the charity. Newly purchased heritage assets are capitalised and included at cost including any incidental expenses of acquisition.

Where heritage assets were acquired in past accounting periods and not capitalised, it can be difficult or costly to attribute a cost or value to them. In such cases, these assets are excluded from the balance sheet if reliable cost information is not available and conventional valuation approaches lack sufficient reliability or significant costs are involved in the reconstruction or analysis of past accounting records or in valuation, which are onerous compared with the additional benefit derived by users of the accounts in assessing the trustees' stewardship of the assets.

The very long expected lives of heritage assets, due to their nature, value and need to be protected and preserved means that depreciation is not material and is, therefore, not provided.

The Castle House Trust

Notes to the Financial Statements *(continued)*

Year Ended 31st December 2020

18. Investments

	Cash or cash equivalents £	Listed investments £	Total £
Valuation			
At 1 Jan 2020	47,569	1,921,713	1,969,282
Additions	26,707	895,807	922,514
Disposals	–	(1,001,328)	(1,001,328)
Fair value movements	–	86,108	86,108
At 31 Dec 2020	<u>74,276</u>	<u>1,902,300</u>	<u>1,976,576</u>
Carrying amount			
At 31 Dec 2020	<u>74,276</u>	<u>1,902,300</u>	<u>1,976,576</u>
At 31 Dec 2019	<u>47,569</u>	<u>1,921,713</u>	<u>1,969,282</u>

All investments shown above are held at valuation.

Financial assets held at fair value

The investment fair values used at the year end are as provided to the Trustees by Cazenove Capital Management Limited.

19. Stocks

	2020 £	2019 £
Goods for resale	<u>48,688</u>	<u>32,655</u>

20. Debtors

	2020 £	2019 £
Trade debtors	1,409	8,041
Prepayments and accrued income	12,623	13,497
Other debtors	2,781	2,655
	<u>16,813</u>	<u>24,193</u>

The Castle House Trust

Notes to the Financial Statements *(continued)*

Year Ended 31st December 2020

21. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	2,480	8,163
Accruals and deferred income	7,133	6,039
Social security and other taxes	1,568	7,874
Other creditors	1,180	300
	<u>12,361</u>	<u>22,376</u>

22. Pensions and Other Post Retirement Benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £3,823 (2019: £3,142).

23. Government Grants

The amounts recognised in the financial statements for government grants are as follows:

	2020	2019
	£	£
Recognised in income from donations and legacies:		
Government grants income	<u>11,159</u>	<u>–</u>

24. Analysis of Charitable Funds

Unrestricted funds

	At 1 Jan 2020	Income	Expenditure	Gains and losses	At 31 Dec 2020
	£	£	£	£	£
General funds	<u>2,190,678</u>	<u>186,258</u>	<u>(218,272)</u>	<u>51,569</u>	<u>2,210,233</u>
	At 1 Jan 2019	Income	Expenditure	Gains and losses	At 31 Dec 2019
	£	£	£	£	£
General funds	<u>2,013,284</u>	<u>315,414</u>	<u>(306,623)</u>	<u>168,603</u>	<u>2,190,678</u>

The Castle House Trust

Notes to the Financial Statements *(continued)*

Year Ended 31st December 2020

24. Analysis of Charitable Funds *(continued)*

Restricted funds

	At 1 Jan 2020 £	Income £	Expenditure £	Gains and losses £	At 31 Dec 2020 £
Paintings, furniture and chattels	456,901	—	—	—	456,901

	At 1 Jan 2019 £	Income £	Expenditure £	Gains and losses £	At 31 Dec 2019 £
Paintings, furniture and chattels	456,901	—	—	—	456,901

Endowment funds

	At 1 Jan 2020 £	Income £	Expenditure £	Gains and losses £	At 31 Dec 2020 £
Permanent Endowment Fund	11,284	—	—	—	11,284

	At 1 Jan 2019 £	Income £	Expenditure £	Gains and losses £	At 31 Dec 2019 £
Permanent Endowment Fund	11,284	—	—	—	11,284

The Castle House Trust

Notes to the Financial Statements *(continued)*

Year Ended 31st December 2020

25. Analysis of Net Assets Between Funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2020 £
Tangible fixed assets	67,701	456,901	11,284	535,886
Investments	1,976,576	–	–	1,976,576
Current assets	178,317	–	–	178,317
Creditors less than 1 year	(12,361)	–	–	(12,361)
Net assets	<u>2,210,233</u>	<u>456,901</u>	<u>11,284</u>	<u>2,678,418</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £
Tangible fixed assets	73,937	456,901	11,284	542,122
Investments	1,969,282	–	–	1,969,282
Current assets	169,835	–	–	169,835
Creditors less than 1 year	(22,376)	–	–	(22,376)
Net assets	<u>2,190,678</u>	<u>456,901</u>	<u>11,284</u>	<u>2,658,863</u>

26. Post Balance Sheet Events

Due to the ongoing covid-19 pandemic and in accordance with government guidance the museum was unable to open to the public until later in the year than normal and remains subject to limited visitor numbers.

27. Related Parties

During the year 3 trustees purchased bronze statues from the charity at a total sales value of £7,331.