

**The Alnwick Garden Trust**  
**(A Company Limited by Guarantee)**

**Report and Financial Statements**

31 March 2017

**Trustees**

The Duchess of Northumberland  
Jonathan Blackie CBE, Chairman of the Alnwick Garden Trust Trustees  
Ken McMeikan  
Louise Halbert  
Richard Hutton

**Company registered number**

04584694

**Charity registered number**

1095435

**Registered Office**

The Alnwick Garden  
Gardeners Cottage  
Denwick Lane  
Alnwick  
Northumberland  
NE66 1YU

**Chief executive officer**

Mark Brassell

**Auditors**

Ernst & Young LLP  
Citygate  
St James' Boulevard  
Newcastle upon Tyne  
NE1 4JD

**Bankers**

Barclays Bank  
PO Box 36  
Morpeth  
Northumberland  
NE61 3YY

**Advisers**

Ward Hadaway  
Sandgate House  
102 Quayside  
Newcastle upon Tyne  
NE1 3DX

Muckle LLP  
Time Central  
32 Gallowgate  
NE1 4BF

## Chairman's statement

I am delighted to report that The Garden has once again enjoyed an excellent year, building on the momentum of last season. The strategic five year plan set in place in 2015 is on track, and if things continue as they have over the last year, it will be delivered ahead of schedule.

The team has delivered a strong year, both financially and in terms of community outreach. This was achieved by strong growth in tourist income coupled with a strategic realignment of the way The Garden delivers its community programmes. The operations team took control of community programme delivery half way through the year and this immediately paid dividends with higher attendance numbers and improved planning. This has helped us to continue to successfully embed our roots in Northumberland.

We achieved our financial targets and were able to substantially add to our cash reserve which now stands at over £400,000. Paying visitor numbers increased from 302,206 in 2015/16 to 346,687 this year, an increase of almost 15%. The Garden is in a financially strong position and can look to the future with great ambition. Our success was highlighted when The Garden was named as a finalist in the 2016 Living North Tourism Awards.

A symbol of this success was the opening of the new Drop In Centre. This facility is free for over 55s and is a signal of our commitment to making a sustained and profound impact in the community. From a commercial perspective, a varied and quirky events programme helped to contribute to the increased footfall throughout the year. Highlights included the Dark Garden Halloween experience, Peppa Pig day and the busiest day The Garden has experienced to date, with the visit of PAW Patrol. Just under 5,000 visitors enjoyed their day with us.

Our Christmas programme continued to grow and was once again very successful. The introduction of a skating rink doubled our December admissions revenue and put The Garden on the map as a great Christmas day out. The lantern parade wound its way from The Garden into the town centre for the second time.

The Garden was 15 years old during 2016. Research revealed that, apart from employing more than 120 full time employees, The Garden has contributed a staggering £236m towards the local economy since it opened. Significantly, more than half was spent directly with local suppliers.

Following the arrival of Mark Brassell as Director in 2015, Mark has developed a five year plan for The Garden. The plan covers financial sustainability, delivery of our charitable programmes, infrastructure investment, governance and staff welfare. Mark has made a great job of The Garden and we welcome the arrival of his family from South Africa.

Special thanks must go to all the staff of The Alnwick Garden and all the volunteers who have made this wonderful year possible. I would also like to thank The Duke of Northumberland and Northumberland Estates for their continued support over the years.

Finally, I will again pay tribute to the Duchess of Northumberland. Her vision, drive and commitment are at the heart of the success of The Alnwick Garden. I would also like to thank my fellow Trustees for their support, Richard Hutton, Louise Halbert and Ken McMeikan.

Jonathan Blackie CBE



Chair of the Alnwick Garden Trustees

9 November 2017

## Trustees' report

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report and the audited group financial statements of The Alnwick Garden Trust (the charitable company) for the year ended 31 March 2017, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

### Structure, governance and management

#### Constitution

The charitable company is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 29 October 2002. The charitable company is constituted under its Memorandum of Association and is a registered charity (number 1095435). Updated Articles of Association of the charitable company were adopted by a special resolution on 7 June 2010. The Articles of Association have been approved by the Charity Commission.

The principal objects of the charitable company as stated in the Appendix to the Articles of Association are the acquisition, preservation and improvement for the benefit of the public of places of historical or archaeological interest or of natural or cultivated beauty in the County of Northumberland and the provision of ready access to them by the public; and the advancement of the education of the public through such means as the Trustees think fit in accordance with the Law of Charity.

#### Trustees

The management of the charitable company is the responsibility of the Trustees. New Trustees are selected by existing Trustees and are appointed by Members of the Trust at the Trust's annual general meeting. New Trustees receive a full induction on appointment to the Board. The Trustees hold no shares in the charitable company but each Trustee, as a member, is a guarantor of the charitable company to an amount not exceeding £1 in the event of the charitable company being wound up.

#### Organisational structure and decision making

The charitable company is responsible for the development and activities of The Garden. It has delegated the management of the public opening activity to its subsidiary company, Alnwick Garden Enterprises Limited. The charitable company is the sole member of Alnwick Garden Enterprises Limited and has the power to appoint or remove directors of that company.

The charitable activities of the subsidiary company involve the management of visitor services and the maintenance and management of The Garden, including all associated assets. In addition to performing these charitable functions, the subsidiary company performs some non-charitable retailing, catering and events activities. In total the non-charitable activities are self-financing and are carried out to support The Garden and to assist in keeping admission prices to visitors to a minimum.

The day to day running of the charitable company and its subsidiary company is delegated to appropriate members of staff and to the directors of the subsidiary company. Trustees exercise financial control over the activities of the subsidiary company by means of an agreed annual budget, substantial variations thereto having to be agreed in advance. Trustees meet quarterly to review the activities of the charitable company and its subsidiary. Between these meetings, Trustees are informed on a monthly basis of actual performance of the subsidiary.

## Trustees' report

### Structure, governance and management (continued)

The charitable company's Managing Director was Mark Brassell for the entire reporting period. There is a scheme of delegation whereby the Trustees have granted powers for the Director to act on their behalf with the exception of specified matters.

### Risk assessment

A full risk analysis of the charitable company is carried out annually. The latest assessment has identified several factors that could have a negative impact on the delivery of the charitable company's objectives. Subsequently, systems have been established to mitigate those risks.

#### *Financial and liquidity risk*

The charitable group has a seasonally-dependent revenue stream with the school summer holidays being the prime period of the year. A risk of revenue loss occurs when there is a reduction in visitor numbers due to unseasonably poor weather. This introduces the scenario of uncertain cash flows and ultimately liquidity risk to the operation. To reduce this risk in 2015, The Garden began to set aside a cash reserve. Great progress has been made since then and the cash reserve for this reporting period reached the milestone of £400,000.

#### *Operational risk*

The charitable group is dependent on its staff for the successful operation of all areas of day-to-day activity. Staff training is vital to ensure all personnel possess the necessary skills to perform their tasks and continue to deliver the highest possible standards. Particular staff members play a pivotal role, as well as volunteers, therefore succession plans and retention strategies are a key part of the strategic plan for the next five years.

#### *Compliance risk*

The charity has identified non-compliance with Health and Safety legislation as a key risk. This is controlled through a combination of ensuring appropriate culture throughout the organisation, annual external health and safety audits and continuous internal checks.

### Objectives and activities

#### Policies and objectives

The mission of The Alnwick Garden is to inspire and connect people in an inclusive space of beauty and learning that ultimately enriches people's lives.

<b>Our values:</b>	<b>Our goals:</b>
Community	Embed our roots in the surrounding community and grow together.
Charity	Provide a social and educational space for those in need.
Access for all	Promote inclusivity with access for all abilities.
Bold imagination	Enrich people's lives with memorable experiences.
Innovation	Create engaging learning opportunities for all ages.
Respect, professionalism and environmental responsibility	Maintain an outstanding quality, service and beauty of the space.

## Trustees' report

### Strategies for achieving objectives

In order to achieve these goals The Alnwick Garden's strategic plan identifies the following key objectives:

- **Financial Stability**

Under the new strategy financial planning is aimed at growing a cash reserve. This will serve as financial protection during economic downturns, low seasons or unforeseen business interruptions.

The other core area of financial planning will provide reinvestment funding for a continuous maintenance plan and specific projects identified as revenue growth streams. This year significant progress has been made on this objective with the cash reserve reaching the important milestone of £400k and future revenue being secured through an adventure golf course development.

- **Investment in Infrastructure**

Previous years' assessments and resources have been compiled into one comprehensive five-year maintenance plan. The Garden's historic features, listed walls and unique attractions are there to be celebrated, but with an increasing annual footfall they must also be protected. Assets and infrastructure will be carefully maintained with reinvestment and specialist refurbishment.

- **Delivery of Charitable Objectives**

With community and charity at the forefront of The Alnwick Garden's mission, the goal is to see its community programmes strengthened. Programmes will be rolled out that are socially relevant to the area and to all life stages. In the reporting year an independent audit was conducted into The Garden's community programmes and a number of changes are being contemplated to improve delivery. The goal is to be an award winning social enterprise.

- **Corporate Governance**

As a charity it is imperative that our governance is beyond reproach. There is an ongoing process to update corporate policies and procedures. This not only ensures we are compliant with regulations, but is also an opportunity to streamline processes and improve efficiency.

- **Employer of Choice**

An overarching objective is to ensure The Garden is a highly regarded employer in the North East. It is critical that we attract high quality candidates and invest in our people to become a winning team. Bonuses were paid to staff during the reporting year for the first time since the economic downturn and inflationary increases were also introduced. This should go some way in retaining the winning team that has developed.

### Achievements and performance

#### Group strategic report

#### Key performance indicators

##### Financial Indicators

Full details of the charitable company's financial position can be found in the accompanying financial statements attached to this report. The Consolidated Statement of Financial Activities shows total income of £4,701,680 (2016: £4,660,884), total expenditure of £5,693,642 (2016: £5,476,575) and net expenditures for the year of £991,962 (2016: £815,691). The net expenditure position is after charging depreciation of £1,341,175 (2016: £1,350,461) on fixed assets and notional interest on the interest-free loan of £187,366 (2016: £224,176). Accounting standards require that The Garden's assets are depreciated over the term of the lease of The Garden.

## Trustees' report

### Group strategic report (continued)

The Trustees consider this charge to be unrepresentative of the ongoing requirement to maintain the existing assets.

When assessing the consolidated balance sheet it is important to note that in the year to 31 March 2017, the creditors amount includes a long term interest-free loan which the Charity has received from Northumberland Estate. The standard requires that such loans are recognised at Net Present Value as calculated by reference to an applicable discount rate.

The Charity has calculated the Net Present Value of the £8m loan to be £3,310,134 at 31 March 2017, based on a discount rate of 6%, the agreed repayment structure and the settlement date.

The Trustees monitor net income excluding depreciation and interest as an alternative measure of the charitable company's financial capacity to meet its reinvestment requirements. On this basis the net income excluding depreciation and interest amounted to £536,579 (2016: £758,946).

### Non-financial Indicators

Paying visitor numbers increased by 10% year-on-year; with 302,206 visitors in 2015/16, and 332,100 in 2016/17 and well over half a million visitors across the site.

In the reporting year The Garden embarked on an exercise to assess the relevance of its community outreach programmes. It has been 16 years since The Garden opened its doors and in that time, there have been significant changes in society. It is important that The Garden's community programmes adjust to these changes and ensure that they are still relevant and impactful. While this assessment was ongoing the operational team's focus was to improve and enhance the delivery of the existing programmes. This strategy proved to be successful with the following outputs achieved:

- Opened the new Elderberries Drop In Centre – 2,615 individual sessions
- Drugs Awareness Programme – 120 individual sessions
- Roots and Shoots Healthy Eating Programme – 620 individual sessions
- Elderberries Pilates – 726 individual sessions
- Blooming Well Dementia Group – 732 individual sessions
- Elderberries Clinic Café Events – 237 individual sessions
- Blooming Well Singing for the Brain Group – 217 individual sessions
- Elderberries Gentlemen's Garden Group – 203 individual sessions
- Elderberries Toe Nail Cutting – 46 individual sessions
- Elderberries Tea Dance Events – 231 individual sessions
- Elderberries Yoga Sessions – 91 individual sessions
- Blooming Well Walking Group – 72 individual sessions
- Forget Me Not Group – 243 individual sessions
- Enterprise – Work Experience – 894 individual sessions
- Enterprise – Young Entrepreneurs – 280 individual sessions
- Enterprise – Employability Skills – 30 individual sessions

The Garden's Forget Me Not Programme was voted as Charity of the Year by the local Sainsbury's branch providing great exposure for The Garden and an opportunity to raise further funding for children with additional needs. Two other youth programmes, the Enterprise and Drugs Awareness Programmes, are scheduled to be redeveloped and relaunched in the 2017/18 financial year.

The above reflects the growing social impact The Alnwick Garden is having on the local community and sets the bar for further growth in years to come.

## Trustees' report

### Review of activities

#### Public benefit

The Trustees have due regard to the Charity Commission's guidance on public benefit. The Alnwick Garden's on-site activities encompass a number of the charitable purposes referred to in The Charities Act 2011, namely:

- The advancement of education.
- The relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage.
- The advancement of the arts, culture, heritage or science.
- The advancement of health or the saving of lives.
- The advancement of citizenship or community development.

### Review of the five charitable objectives against activities delivered in 2016/17

#### Promoting skills and lifelong learning

##### Objectives

Provide opportunities for people of all ages and abilities to learn and grow.

##### Activities

The schools programme of activities is designed to embrace the outdoor environment. At The Garden, schools have the opportunity to step out of a traditional classroom set up and explore creative outdoor learning. From drug education in the Poison Garden, to conservation and den building in the Woodland Walk, multiple areas of the national curriculum can be covered on site. Children are encouraged to feel comfortable being outdoors; getting dirty, playing in water and being children. Fostering a love of the outdoors from an early age and teaching fundamental life skills sets children on a lifelong path of learning with an affinity for nature.

The families activity programme is centred around the Crafty Cottage where professional artists and programme workers lead art and craft activities for visitors. All members of the family are encouraged to work together and children can take home their creations, providing a memento and a real sense of achievement. Over 33,000 visitors participated in these activities in 2016/17.

Inspiring continuous learning and skill development is part of the company's culture. Over 200 people are employed in the high season in a range of positions from catering to visitor services, retail and activity programmes. All staff receive training in health and safety and in their specific areas of work. In addition, a number of staff are certified fire wardens and first aid officers. Permanent staff are encouraged to participate in training to support their roles and enhance their personal development as well as achieve other certificates in topics such as food hygiene, safeguarding, autism and dementia awareness.

#### Encouraging people to think differently about disability

##### Objectives

Encouraging children of different abilities to play together.

##### Activities

The Forget Me Not Programme offers a variety of activities including gardening, art and cookery that enables children to engage in a learning environment with specialist support and encouragement. Children come from a wide geographical area and are accompanied by parents and carers.

## Trustees' report

### Encouraging people to think differently about disability (continued)

Many families attend on a regular basis as their children build trusting relationships with The Garden's staff. Parents and carers have reported that their children are much more willing to take part in activities than before and leave visits with a sense of achievement.

The majority of the activities are inclusive and children are encouraged to play together. This helps to reduce feelings of isolation and segregation. Once children have built up confidence to take part in group activities, they have the chance to participate in other activities that are also offered to the general public.

### Enabling experience of the arts

#### Objectives

Enabling people to experience a variety of art forms such as architecture and sculpture; live music and choirs; street theatre and storytelling.

Helping to launch new and unknown artists. Our new Buskers programme allows young musical artists in the area to perform throughout The Garden earning valuable money to fund their future development. Over 20 buskers are benefitting from this programme.

#### Activities

The Garden provides a captivating venue for hosting arts experiences. Arts events have also helped towards achieving the long-term goal of growing visitor numbers during the winter months. The Garden partnered with events company, Enchanted Places, to create the Paradise Tree and Dark Garden events in December and October respectively. This featured artistic projections, live performances, sound and lighting and was well received with over 9,000 ticketed visitors.

The charitable company's continued support of local artists saw another, 24-hour photographic event take place in The Garden. Additionally, a programme was developed where local art groups were given free access to The Garden to paint, draw or photograph different areas of The Garden, with works exhibited later in the year.

### Encouraging healthy activity for all

#### Objectives

Running programmes that promote health, happiness and wellbeing for all ages.

Raising awareness among children and families on how to achieve a healthier lifestyle.

Using the unique indoor and outdoor spaces of The Garden to encourage participation in a range of physical activity workshops.

#### Activities

The Elderberries Programme at The Garden has been running for several years, offering people a chance to get together and take part in activities that keep them mentally, physically and socially active.

Zumba and Pilates classes continued in The Garden throughout 2016/17 with between 15 and 30 participants, mostly aged 50 and older, attending each class.

The Elderberries Programme also regularly hosted tea dances, Christmas parties and other social events aimed at breaking isolation and loneliness for over 55s. Supported by The Stuart Halbert Foundation this programme had over 2,800 contact sessions in the 2016/17 year.

The Healthy Eating Programme was a great success. Using the Roots and Shoots garden, the programme hosted children from surrounding communities, teaching them different growing and planting methods and providing a sense of achievement by harvesting own-grown fruit and vegetables. Ten schools from Northumberland took part in a series of workshops teaching a step-by-step guide to developing their own allotment plot back at school. The Shears Foundation supports the programme by helping children make the link between food and health including appropriate portion sizes and the importance of having five-a-day.

## Trustees' report

### Encouraging healthy activity for all (continued)

The highlight of the 2016/17 year was the opening of the new drop in centre. The centre was funded by The Rank Foundation, The Stuart Halbert Foundation and Sir John Hall. It is a ground-breaking facility for over 55s. It is the jewel in the crown of The Alnwick Garden Trust's Elderberries Programme.

The Alnwick Garden Trust's Elderberries Programme aims to address loneliness, isolation and financial hardship among older people in Northumberland. It delivers opportunities to socialise, promoting a healthy, fulfilled quality of life.

### Community Development

#### Objectives

To empower young adults in either securing employment or starting a business.

#### Activities

The latest charitable programme, known as the Enterprise Programme, is designed to empower young people and support community development.

The Entrepreneurship Programme teaches practical business skills and promotes a self-starter attitude. It aims to give young people the tools and the confidence to start their own business.

The Work Experience Programme gives young people the responsibility of a real job within The Garden. This valuable experience can be added to their CV to help launch their careers.

The Employability Skills Programme runs in conjunction with the Work Experience Project. Throughout their on-the-job work experience, candidates also spend time in a classroom environment learning about workplace behavior, how to prepare a CV and interview skills.

### Economic Impact of The Garden

Since opening 15 years ago, The Alnwick Garden has had a tremendous impact on the local community from both a financial and social perspective. The Garden has welcomed over five and a half million paying visitors since 2001. This footfall can nearly be doubled when taking into account non-paying visitors using the retail shop and Treehouse Restaurant.

The Garden is a proud supporter of local businesses. Strong relationships have been built with suppliers in and around Alnwick with the aim of investing in the local economy and providing a high quality customer experience. Regular suppliers include accommodation venues for wedding events, fresh produce for the Treehouse restaurant, plus many local tradesmen have supported The Garden's maintenance programme.

Recent research calculated that The Alnwick Garden has contributed £236.8m to the local economy since its inception. Of this, £115m has been spent directly with local suppliers. This economic activity has supported 1,399 direct jobs and an additional 812 secondary jobs in the local area.

The Alnwick Garden is an inspirational initiative that has put Alnwick, Northumberland and the North East on the international tourist map. The investment has strengthened the local economy and created an attraction that brings international visitors to Northumberland, increasing significantly the numbers of new and repeat visitors to Alnwick and the surrounding area.

### Fundraising activities

Fundraising efforts this year were targeted towards the provision of our community programmes.

Applications were made to a range of charitable trusts, public bodies and individuals, and the key donors were as follows:

The Stuart Halbert Foundation  
The Shears Foundation  
Kavli Trust  
Sir John and Lady Hall

## Trustees' report

### Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future.

For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

### Financial review

#### Financial and risk management objectives and policies

The major risks to which the charitable company is exposed have been identified, and systems have been established to mitigate those risks. A full review of all risks is carried out annually.

#### Funding Arrangements

##### Overdraft Facility

During the year the overdraft facility from Northumberland Estates was not utilised. An amount of £400,000 was ring-fenced as a cash reserve to reduce the future possibility of needing to use the overdraft facility.

##### Principal funding

Grants and donations were received from Friends, private individuals, trusts and corporate donors. Fundraising in general is increasingly difficult on account of both economic conditions and sources of funding having fewer resources as well as a higher number of applications.

### Future developments

The charitable company remains committed to completing the development of The Alnwick Garden. A fundraising strategy is in place that will allow this development to progress. Phases I and II are completed and it is proposed the final stage, Phase III, will include:

- A new education centre and gardeners facility.
- A treehouse adventure play area.
- An adventure golf course (now complete).
- A specialist lighting project including the cascade
- A water tower feature.
- A coach driver lounge.

### Relationship with Northumberland Estates

The charitable company and Northumberland Estates have a close working relationship. The charitable company has received significant financial support dating back to when The Garden was first created and currently comprises:

- An interest free loan.
- The provision of short-term working capital facilities (to date this facility has not been required).

Certain categories of expenditure involving both Alnwick Garden Enterprises and Alnwick Castle Ventures that have been incurred by The Garden are recharged back to Alnwick Castle to ensure The Garden only bears its share of the cost. Also, all admission charges for Alnwick Castle are banked by Alnwick Garden Enterprises in the first instance but are reimbursed to Alnwick Castle Ventures after the end of each month. These arrangements provide managerial and financial benefits to the charitable company.

## Trustees' report

### Disclosure of information to the auditors

So far as each person who was a Trustee at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Trustees and the company's auditor, each Trustee has taken all the steps that he/she is obliged to take as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

A resolution to appoint auditors will be put to the members at the Annual General Meeting.

On behalf of the Trustees



Jonathan Blackie

Chairman

9 November 2017

## Statement of Trustees' responsibilities

The Trustees are responsible for preparing the annual 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 the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the company of the profit or loss of the group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the method and principles in the Charities SORP;
- make judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Independent auditors' report

### to the members of The Alnwick Garden Trust (A Company Limited by Guarantee)

We have audited the financial statements of The Alnwick Garden Trust for the year ended 31 March 2017 which comprise the Group Statements of Financial Activities, the Group and Charitable Company Balance Sheets, the Group Statement of Cash Flows and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

This report is made solely to the 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement, on page 12, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Statement and Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017 and of the group's net expenditure 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, including FRS102 "The Financial Reporting standard applicable in the UK and the Republic of Ireland"; 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, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.
- The Trustees' Report have been prepared in accordance with applicable legal requirements.

# Independent auditors' report

to the members of The Alnwick Garden Trust (A Company Limited by Guarantee)

## 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 parent 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 parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Caroline Mulley (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Newcastle upon Tyne

15 NOVEMBER 2017

## Consolidated statement of financial activities (incorporating consolidated income and expenditure account)

for the year ended 31 March 2017

	Notes	Restricted funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>Income</b>					
Donations	3	101,985	4,548	106,533	127,388
<i>Income from charitable activities:</i>					
Operation of The Garden	4	12,915	474,484	487,399	457,949
<i>Income from other trading activities:</i>					
Commercial trading operations	5	-	2,525,003	2,525,003	2,569,456
Other trading operating income	5	-	1,582,745	1,582,745	1,506,091
<b>Total income</b>		<b>114,900</b>	<b>4,586,780</b>	<b>4,701,680</b>	<b>4,660,884</b>
<b>Expenditure</b>					
Costs of raising funds		(134,447)	(58,510)	(192,957)	(184,948)
<i>Commercial trading operations:</i>					
Expenditure on charitable activities	7	-	(4,044,796)	(4,044,796)	(3,781,199)
Operation of The Garden		-	(1,268,523)	(1,268,523)	(1,286,252)
Interest payable	6	-	(187,366)	(187,366)	(224,176)
<b>Total expenditure</b>		<b>(134,447)</b>	<b>(5,559,195)</b>	<b>(5,693,642)</b>	<b>(5,476,575)</b>
<b>Gross transfer between funds</b>	19	<b>(323,192)</b>	<b>323,192</b>	<b>-</b>	<b>-</b>
<b>Net expenditure and net movement in funds for the year</b>		<b>(342,739)</b>	<b>(649,223)</b>	<b>(991,962)</b>	<b>(815,691)</b>
<b>Total funds brought forward</b>	19	<b>798,055</b>	<b>16,124,135</b>	<b>16,922,190</b>	<b>17,737,881</b>
<b>Total funds carried forward</b>	19	<b>455,316</b>	<b>15,474,912</b>	<b>15,930,228</b>	<b>16,922,190</b>

### Adjusted EBITDA

		Restricted funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Net expenditure		(342,739)	(649,223)	(991,962)	(815,691)
Add back interest payable	6	-	187,366	187,366	224,176
Add back depreciation	12	-	1,341,175	1,341,175	1,350,461
<b>Adjusted EBITDA*</b>		<b>(342,739)</b>	<b>879,318</b>	<b>536,579</b>	<b>758,946</b>

\*The Trust's reported financial results reflect a significant annual depreciation & interest charge. When income is considered excluding these charges it demonstrates the charity's financial capacity to meet its reinvestment requirements.

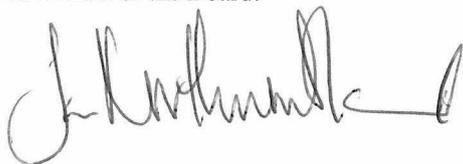
## Consolidated balance sheet

at 31 March 2017

	<i>Notes</i>	<i>2017</i> £	<i>2016</i> £
<b>Fixed assets</b>			
Tangible assets	12	<u>18,353,060</u>	<u>19,229,666</u>
<b>Current assets</b>			
Stocks	14	97,280	111,778
Debtors	15	235,544	313,265
Cash at bank and in hand		<u>1,171,438</u>	<u>1,131,913</u>
		1,504,262	1,556,956
<b>Creditors: amounts falling due within one year</b>	16	<u>(616,960)</u>	<u>(741,663)</u>
<b>Net current assets</b>		<u>887,302</u>	<u>815,293</u>
<b>Total assets less current liabilities</b>		19,240,362	20,044,959
<b>Creditors: amounts falling due after more than one year</b>	18	<u>(3,310,134)</u>	<u>(3,122,769)</u>
<b>Net assets</b>		<u>15,930,228</u>	<u>16,922,190</u>
<b>Charity funds</b>			
Restricted funds	19	455,316	798,055
Unrestricted funds	19	<u>15,474,912</u>	<u>16,124,135</u>
<b>Total funds</b>		<u>15,930,228</u>	<u>16,922,190</u>

The financial statements were approved by the Board and authorised for issue on 9 November 2017

On behalf of the Board:




The Duchess of Northumberland

Trustee

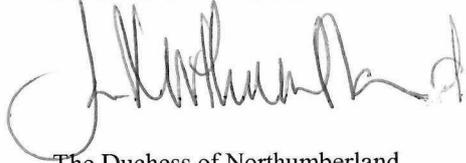
## Charitable company balance sheet

at 31 March 2017

	<i>Notes</i>	<i>2017</i>	<i>2016</i>
		£	£
<b>Fixed assets</b>			
Tangible assets	12	17,961,315	18,939,899
Investments	13	<u>2</u>	<u>2</u>
		17,961,317	18,939,901
<b>Current assets</b>			
Debtors	15	18,817	25,827
Cash at bank and in hand		<u>668,511</u>	<u>793,343</u>
		687,328	819,170
<b>Creditors:</b> amounts falling due within one year	16	<u>(486,514)</u>	<u>(729,395)</u>
<b>Net current assets</b>		200,814	89,775
<b>Total assets less current liabilities</b>		18,162,131	19,029,676
<b>Creditors:</b> amounts falling due after more than one year	18	<u>(2,317,094)</u>	<u>(2,185,938)</u>
<b>Net assets</b>		<u>15,845,037</u>	<u>16,843,738</u>
<b>Charity funds</b>			
Restricted funds	19	455,316	798,055
Unrestricted funds		<u>15,389,721</u>	<u>16,045,683</u>
<b>Total funds</b>		<u>15,845,037</u>	<u>16,843,738</u>

The financial statements were approved by the Board and authorised for issue on 9 November 2017

On behalf of the Board:



The Duchess of Northumberland  
Trustee

## Group statement of cash flows

for the year ended 31 March 2017

	<i>Notes</i>	<i>2017</i> £	<i>2016</i> £
<b><i>Net cash inflow from operations</i></b>	21	504,094	656,761
<b><i>Cash flows from investing activities</i></b>			
Purchase of tangible fixed assets		(464,569)	(389,156)
Proceeds from sale of tangible fixed assets		-	-
<b><i>Cash used in investing activities</i></b>		<u>(464,569)</u>	<u>(389,156)</u>
<b><i>Cash flows from financing activities</i></b>		<u>-</u>	<u>-</u>
<b><i>Increase in cash in the year</i></b>		39,525	267,605
<b><i>Cash at the beginning of the year</i></b>		<u>1,131,913</u>	<u>864,308</u>
<b><i>Cash at the end of the year</i></b>		<u><u>1,171,438</u></u>	<u><u>1,131,913</u></u>

## Notes to the financial statements

at 31 March 2017

### 1. Accounting policies

#### *Statement of compliance and basis of preparation*

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Alnwick Garden Trust 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 note(s).

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the charitable company and its subsidiary undertaking. The results of the subsidiary are grouped on a line by line basis

#### *Going concern*

The group's activities, together with the factors likely to affect its future development, performance and position are set out in the Trustees Report.

As highlighted in note 18 to the financial statements, the company has long term loan facilities provided by Northumberland Estates.

The current economic conditions create uncertainty particularly over the level of income from visitors that the group can expect. The forecasts and projections of the group, taking account of reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facilities.

The Alnwick Garden renegotiated its loan facilities with Northumberland Estates, signing a new loan agreement on 4 August 2014. The Trustees were of the opinion that the new loan arrangements with Northumberland Estates allowed the business greater financial stability in the future. The move to an interest free facility allowed much needed re-investment in both the infrastructure and the visitor experience over the coming years.

The Trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### *Company status*

The charitable company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £1 per member of the charitable company.

#### *Fund accounting*

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

## Notes to the financial statements

at 31 March 2017

### 1. Accounting policies (continued)

#### *Income*

All income is included in the Statement of Financial Activities when the charitable company has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. For legacies, entitlement is the earlier of the charitable company being notified of an impending distribution or the legacy being received.

Income from visitors comprises admissions to The Garden, net of Value Added Tax and is recognised as it is received.

Trading income comprises amounts received for catering, car park and retail services and is recognised as the goods or services are supplied.

Donated services are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party. Donated goods are recognised at the cost which would otherwise have been incurred by the charity.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income from Friends is deferred over the period in which the Friends are entitled to obtain access to The Garden.

Government grants receivable for ongoing capital projects are generally receivable after the expenditure has been made by the charitable company. Grants receivable are recognised in the financial statements if a claim has been made by the charitable company against a known commitment by the grant provider for expenditure incurred prior to the year end.

Donations from individuals and charitable trusts are recognised when notification of payment has been received.

#### *Expenditure*

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Certain land and buildings direct costs are allocated between trading and charitable activities on the basis of estimated buildings usage.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

Support costs are those costs incurred directly in support of expenditure on the objects of the charitable company. Support costs are apportioned against the activities of the charity in line with the estimated usage of those costs. The estimation of usage incorporates both the number of employees involved in an activity and the frequency of use of the support function by an activity.

Governance costs are those incurred in connection with constitutional and statutory requirements.

## Notes to the financial statements

at 31 March 2017

### 1. Accounting policies (continued)

#### **Tangible fixed assets**

All assets costing more than £500 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Garden infrastructure	–	the term of the lease (25 years)
Buildings improvements	–	between 3 and 9 years
Fixtures, fittings and equipment	–	between 3 and 10 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### **Investments**

The charitable company's sole investment is its investment in its subsidiary which is valued at cost.

#### **Turnover**

Turnover comprises revenue recognised by the charitable company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

#### **Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

#### **Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less.

#### **Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

#### **Concessionary loans**

The Trust has received a concessionary loan which it recognises at amortised cost using the effective interest rate method.

#### **Financial instruments**

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of interest-free loans from related parties which are subsequently measured at amortised cost using the effective interest method.

#### **Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

#### **Pensions**

The charitable company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charitable company to the fund in respect of the year.

## Notes to the financial statements

at 31 March 2017

### 1. Accounting policies (continued)

#### *Functional and presentational currency*

The Trust's functional and presentational currency is GBP

### 2. Financial performance of the charity

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiary which operates the retail, events, bookings, restaurant and admissions facilities of The Alnwick Garden.

The summary financial performance of the charity alone is:

	2017 £	2016 £
Income	593,935	584,119
	<u>593,935</u>	<u>584,119</u>
Expenditure on charitable activities (including depreciation of tangible fixed assets)	(1,592,636)	(1,593,126)
Net loss	(998,701)	(1,009,007)
Total funds brought forward	16,843,738	17,852,745
Total funds carried forward	<u>15,845,037</u>	<u>16,843,738</u>
Represented by:		
Restricted income funds	455,316	798,055
Unrestricted income funds	15,389,721	16,045,683
	<u>15,845,037</u>	<u>16,843,738</u>

### 3. Income from donations

	2017 £	2016 £
Donations and appeals	106,533	127,388
	<u>106,533</u>	<u>127,388</u>

The income from donations and appeals was £106,533 (2016: £127,388) of which £4,548 (2016: £7,488) was unrestricted and £101,985 (2016: £119,940) was restricted.

## Notes to the financial statements

at 31 March 2017

### 4. Income from charitable activities

	2017	2016
	£	£
<b>Operation of The Garden:</b>		
Gift Aid and admissions donations	467,443	443,970
Sponsorship	1,268	5,596
Fundraising	18,688	8,383
	<u>487,399</u>	<u>457,949</u>

### 5. Income earned from other activities

The wholly owned trading subsidiary Alnwick Garden Enterprises Ltd is incorporated in the United Kingdom (company number: 04579518). Alnwick Garden Enterprises Ltd operates the retail shops, admissions tickets, restaurants and events facilities and all commercial trading operations carried on at The Alnwick Garden Trust premises.

The summary financial performance of the subsidiary alone is:

	2017	2016
	£	£
Turnover	2,525,003	2,569,456
Cost of sales and administration costs	(4,044,796)	(3,781,199)
Interest payable	(56,210)	(100,444)
Other operating income	1,582,745	1,506,091
Net income from charitable activities	<u>6,742</u>	<u>193,904</u>
Net profit	<u>6,742</u>	<u>193,904</u>
The assets and liabilities of the subsidiary were:		
Assets	1,646,889	1,673,838
Liabilities	(1,567,603)	(1,601,294)
Total net assets	<u>79,286</u>	<u>72,544</u>
Aggregate of share capital and reserves	<u>79,286</u>	<u>72,544</u>

## Notes to the financial statements

at 31 March 2017

### 6. Interest payable

	2016	2016
	£	£
Other loan interest payable	187,366	224,176

### 7. Analysis of expenditure on charitable activities

	<i>Visitor services</i> 2017 £	<i>Retail &amp; Treehouse</i> 2017 £	<i>Gardeners</i> 2017 £	<i>Maintenance Team</i> 2017 £	<i>Management &amp; Admin</i> 2017 £	<i>Total</i> 2017 £	<i>Total</i> 2016 £
Operational expenditure	194,542	810,478	32,763	-	507,114	1,544,897	1,460,459
Wages and salaries	452,601	789,534	251,973	51,511	297,335	1,842,954	1,673,305
Depreciation	-	-	-	-	117,806	117,806	109,835
Other staff costs	-	-	-	-	21,891	21,891	21,752
Repairs and maintenance	-	-	-	517,248	-	517,248	515,848
	<u>647,143</u>	<u>1,600,012</u>	<u>284,736</u>	<u>568,759</u>	<u>944,146</u>	<u>4,044,796</u>	<u>3,781,199</u>

### 8. Summary analysis of expenditure and related income for charitable activities

	<i>Visitor services</i> 2017 £	<i>Retail &amp; Treehouse</i> 2017 £	<i>Gardeners</i> 2017 £	<i>Maintenance Team</i> 2017 £	<i>Management &amp; Admin</i> 2017 £	<i>Total</i> 2017 £	<i>Total</i> 2016 £
Expenditure on charitable activities	(647,143)	(1,600,012)	(284,736)	(568,759)	(944,146)	(4,044,796)	(3,781,199)
Income from commercial trading operations	181,585	2,183,071	-	-	160,347	2,525,003	2,569,456
Other trading operating income	1,531,911	-	-	50,365	469	1,582,745	1,506,091
Net cost funded from other income	<u>1,066,353</u>	<u>583,059</u>	<u>(284,736)</u>	<u>(518,394)</u>	<u>(783,330)</u>	<u>62,952</u>	<u>294,348</u>

## Notes to the financial statements

at 31 March 2017

### 9. Analysis of governance and support costs

	<i>2017</i>	<i>2016</i>
	£	£
Salaries, wages and related costs	37,262	37,250
General office	4,000	4,000
Audit fees	11,500	11,500
Accountancy services	6,375	6,375
Legal and other professional fees	23,884	21,613
	<u>83,021</u>	<u>80,738</u>

### 10. Net expenditure for the year

This is stated after charging:

	<i>2017</i>	<i>2016</i>
	£	£
Depreciation of tangible fixed assets – owned by the charitable group	1,341,175	1,350,461
Auditors' remuneration – audit	7,000	7,000
– audit of subsidiary	4,500	4,500
– non-audit – tax compliance	1,875	1,875
Interest on other loans	187,366	176,760

## Notes to the financial statements

at 31 March 2017

### 11. Analysis of staff costs, trustee remuneration and expenses, and the costs of key management personnel

	<i>2017</i>	<i>2016</i>
	£	£
Wages and salaries	1,796,957	1,698,768
Social security costs	111,235	98,016
Other pension costs	32,673	31,456
	<u>1,940,865</u>	<u>1,828,240</u>

The average monthly number of employees (including casual and part-time staff) during the year was made up as follows:

	<i>2017</i>	<i>2016</i>
	<i>No.</i>	<i>No.</i>
Visitor services	46	43
Gardeners	14	14
Retail	7	4
Food and beverages	34	27
Education and arts	18	13
Fundraising	3	4
Marketing	3	3
Finance and administration	8	8
	<u>133</u>	<u>116</u>

There was one employee who received remuneration between £70,000 and £80,000 (2016: 1).

During the year, one trustee received remuneration amounting to £6,000 for non-trustee consultancy services supplied to the charitable company in the current year (2016: £6,000). One trustee received reimbursements of expenses amounting to £1,207 (2016: One trustee of £558)

## Notes to the financial statements

at 31 March 2017

### 12. Tangible fixed assets

<i>Group</i>	<i>Garden infrastructure</i>	<i>Property and buildings improvements</i>	<i>Fixtures, fittings and equipment</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 April 2016	30,190,198	94,043	1,345,824	31,630,065
Additions	244,786	58,460	161,323	464,569
Disposals	-	-	(4,385)	(4,385)
At 31 March 2017	30,434,984	152,503	1,502,762	32,090,249
Depreciation:				
At 1 April 2016	11,254,576	76,476	1,069,347	12,400,399
Charge for the year	1,219,093	11,089	110,993	1,341,175
Disposals	-	-	(4,385)	(4,385)
At 31 March 2017	12,473,669	87,565	1,175,955	13,737,189
Net book value:				
At 31 March 2017	17,961,315	64,938	326,807	18,353,060
At 1 April 2016	18,935,622	17,567	276,477	19,229,666

<i>Charitable company</i>	<i>Garden infrastructure</i>	<i>Fixtures, fittings and equipment</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 April 2016	30,190,198	251,054	30,441,252
Additions	244,786	-	244,786
At 31 March 2017	30,434,984	251,054	30,686,038
Depreciation:			
At 1 April 2016	11,254,576	246,777	11,501,353
Charge for the year	1,219,093	4,277	1,223,370
At 31 March 2017	12,473,669	251,054	12,724,723
Net book value:			
At 31 March 2017	17,961,315	-	17,961,315
At 1 April 2016	18,935,622	4,277	18,939,899

The charitable company occupies land from Northumberland Estates under a lease expiring on 9 October 2098 and containing an entitlement to terminate by either side on 4 March 2035. No capital payments have been made by the charitable company for this lease and no value has been attributed to the lease within these financial statements.

## Notes to the financial statements

at 31 March 2017

### 13. Investments

The charity holds 2 shares of £1 each in its wholly owned trading subsidiary company Alnwick Garden Enterprises Ltd which is incorporated in the United Kingdom. These are the only shares allotted, called up and fully paid. The activities and results of this company are summarised in note 5.

### 14. Stocks

	<i>Group</i>		<i>Charitable company</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	£	£	£	£
Goods for resale	97,280	111,778	-	-

### 15. Debtors

	<i>Group</i>		<i>Charitable company</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	£	£	£	£
Trade debtors	40,203	60,006	185	1,148
Amounts owed by related party	1,505	-	1,505	-
Other debtors	41,210	114,506	4,095	2,624
Prepayments and accrued income	152,626	138,753	13,032	22,055
	235,544	313,265	18,817	25,827

### 16. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Charitable company</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	£	£	£	£
Trade creditors	287,487	376,794	31,644	62,471
Amounts owned to group undertakings	-	-	441,722	652,488
Amounts owed to related party	8,741	87,486	-	-
Other taxes and social security costs	28,128	25,527	1,353	3,590
Other creditors	5,115	17,352	-	-
Accruals and deferred income	287,489	234,505	11,795	10,846
	616,960	741,663	486,514	729,395

## Notes to the financial statements

at 31 March 2017

### 17. Contingent assets – turnover rent

The wholly owned subsidiary, Alnwick Garden Enterprises, leases onsite space to a third party catering provider. Over and above the rental income, turnover rent is due on 15% of gross turnover in excess of £3,000 each week. No accrual is made in relation to this income by virtue of its unpredictability.

### 18. Creditors: amounts falling in more than one year

	<i>Group</i>		<i>Charitable company</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	£	£	£	£
Other loan				
Falling due in 1 to 2 years	-	-	-	-
Falling due in 2 to 5 years	600,000	300,000	420,000	210,000
Falling due in more than 5 years	2,710,134	2,822,769	1,897,094	1,975,938
	<u>3,310,134</u>	<u>3,122,769</u>	<u>2,317,094</u>	<u>2,185,938</u>

At 4 August 2014 the previous two loans, an interest free long-term loan of £4.8m and an interest-bearing loan facility of £3.2m, were consolidated in one interest-free loan totalling £8m. The loan is made from Northumberland Estates. Loan repayments of £300,000 will commence on 30 September 2020. As a condition of this new agreement, The Garden is required to build up a backing fund of £200,000 by 30 September 2017. In the previous year a short-term interest free facility of up to £200,000 was also agreed.

FRS102 requires that long term interest-free loans are discounted to present value and amortised using the effective interest method. The imputed interest rate is 6%.

The loan is secured by a fixed and floating charge over the assets of the charitable company and by a fixed charge over land and buildings.

## Notes to the financial statements

at 31 March 2017

### 19. Statement of funds

	<i>At 1 April 2016</i>	<i>Transfer</i>	<i>Income</i>	<i>Expenditure</i>	<i>At 31 March 2017</i>
	£	£	£	£	£
<b>Designated funds:</b>					
Appeals	25,433	-	3,201	(5,764)	22,870
Trading places	826	-	90	-	916
Programme fundraising	468	-	8,030	(968)	7,530
Tractors	200	-	205	-	405
	<u>26,927</u>	<u>-</u>	<u>11,526</u>	<u>(6,732)</u>	<u>31,721</u>
<b>General funds:</b>					
General funds – charitable	12,122,664	323,192	467,506	(1,507,667)	11,405,695
– trading	3,974,544	-	4,107,748	(4,044,796)	4,037,496
	<u>16,097,208</u>	<u>323,192</u>	<u>4,575,254</u>	<u>(5,552,463)</u>	<u>15,443,191</u>
Total unrestricted funds	<u>16,124,135</u>	<u>323,192</u>	<u>4,586,780</u>	<u>(5,559,195)</u>	<u>15,474,912</u>
<b>Restricted funds</b>					
	<i>At 1 April 2016</i>	<i>Transfer</i>	<i>Income</i>	<i>Expenditure</i>	<i>At 31 March 2017</i>
	£	£	£	£	£
Sprouts Programme					
- Healthy Eating	39,057	-	36,872	(33,252)	42,677
- Urban Project	5,628	-	-	(3,303)	2,325
- Forget Me Not	15,302	-	820	(11,079)	5,043
- Poison Garden	9,851	-	7,792	(2,565)	15,078
Elderberries Programme					
- Elderberries	50,290	-	21,903	(28,851)	43,342
- Blooming Well	20,996	-	16,358	(6,186)	31,168
Enterprise Programme	42,357	-	922	(29,325)	13,954
Other					
- Play area	105,968	(83,066)	-	-	22,902
- Family Fun Day	153	-	-	-	153
- All our stories	281	-	-	-	281
- Winter Lighting Project	33,835	(25,370)	23,542	(57)	31,950
- Disability Scooters	6,610	-	(270)	-	6,340
- Pump Room Tour	125	-	(125)	-	-
- Elderberries Room - Capital	106,954	(89,733)	30	-	17,251
- Elderberries Drop In Centre	-	-	3,906	(2,572)	1,334
- Capital funds	360,648	(125,023)	3,150	(17,257)	221,518
	<u>798,055</u>	<u>(323,192)</u>	<u>114,900</u>	<u>(134,447)</u>	<u>455,316</u>
Total of funds	<u>16,922,190</u>	<u>-</u>	<u>4,701,680</u>	<u>(5,693,642)</u>	<u>15,930,228</u>

## Notes to the financial statements

at 31 March 2017

### 19. Statement of funds (continued)

#### Designated funds

The Trustees have designated the following funds for specific purposes:

##### **Appeals**

Unrestricted donations received through appeals and from donations to sponsor benches and trees in The Garden are set aside by the Trustees to be used for specific charitable purposes and activities rather than to support the general running of The Garden.

##### **Programme Fundraising**

This fund represents general donations, mainly from donation boxes in The Garden. These funds are used to top up specific programmes when needed.

##### **Tractors**

This fund represents donations received to purchase and maintain ride-on tractors.

#### Restricted Funds

Funds with specific restrictions on their utilisation are as follows:

##### **Sprouts Programme**

- **Healthy Eating**  
This programme is focused on educating school children and families on the benefits of healthy living, whilst having fun in the Roots and Shoots garden. The programme is funded mainly by The Shears Foundation, as well as other smaller donations in the year.
- **Urban Project**  
This project delivers visits for schools from disadvantaged areas of Newcastle upon Tyne, supported by the William Leech Trust.
- **Forget Me Not**  
This programme provides fun and inclusive activities for children with additional needs and their families.
- **Poison Garden Drugs Awareness**  
This programme is funded by donations from visitors to The Poison Garden and delivers drugs education to young people in the North East.

##### **Elderberries Programme**

- **Elderberries**  
Activities for the Elderberries Programme for older people were funded from the remaining 3-year grant previously received from The Stuart Halbert Foundation along with a donation from Sir John Hall.
- **Blooming Well**  
This programme provides therapeutic horticultural and wellbeing activities for those in the early stages of dementia. A grant was received from the Kavli Trust during the year, along with various smaller donations.

## Notes to the financial statements

at 31 March 2017

### 19. Statement of funds (continued)

#### *Enterprise Programme*

This programme was established in 2015 by a substantial donation from Apache North Sea Limited. The programme works to empower young people in Northumberland; to harness their entrepreneurial talent; to offer flexible work experience placements and to educate them in the necessary skills to enable them to succeed in the workplace.

#### *Other*

##### *Play Area*

Funds were received from the Hobson Trust and Northumberland County Council's Aiming High project towards the construction of a children's play area, this being one of the future project aims of the Trustees. During the year part of this funding was spent on the construction of swings in the Cherry Orchard.

##### *Winter Lighting Project*

This fund represents donations received from weddings held at The Garden and is to be used to fund further installations of winter lighting. During the year £25,370 was used to enhance The Garden's festive season lighting.

##### *Elderberries Room Capital*

In 2014 The Rank Foundation awarded a substantial grant to part fund the capital costs of a new centre for the Elderberries Programme. The project to develop the centre was completed during the financial year, and opened in May 2016.

##### *Capital Funds*

This was established in 2014 as a result of a significant donation received. A further substantial donation was received from The Barbour Foundation in 2015. The funds are to be used for the upkeep or purchase of assets for The Garden. Research and development costs relating to the Lilidorei Play Village were incurred in the financial year. Lilidorei is the next phase of development and will prove to be a unique and groundbreaking visitor attraction which will complement the current garden infrastructure.

#### **Transfers between restricted and unrestricted funds**

The transfers from restricted funds to unrestricted funds of £323,192 relate to the capital expenditure for the financial year.

### 20. Analysis of group net assets between funds

	<i>Restricted funds</i>	<i>Unrestricted funds</i>	<i>Total funds</i>	<i>Total funds</i>
	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2016</i>
	£	£	£	£
Tangible fixed assets	-	18,353,060	18,353,060	19,229,666
Current assets	455,312	1,048,950	1,504,262	1,556,956
Creditors due within one year	-	(616,960)	(616,960)	(741,663)
Creditors due in more than one year	-	(3,310,134)	(3,310,134)	(3,122,769)
	<u>455,312</u>	<u>15,474,916</u>	<u>15,930,228</u>	<u>16,922,190</u>

## Notes to the financial statements

at 31 March 2017

### 21. Reconciliation of net movement in funds to net cash flow from operating activities

	2017	2016
	£	£
Net movement in funds	(991,962)	(815,691)
Add back depreciation charge	1,341,175	1,350,461
Deduct interest income from investing activities	187,366	224,178
Decrease/(increase) in stock	14,498	(4,682)
Decrease/(increase) in debtors	77,721	(33,373)
Decrease in creditors	(124,703)	(64,132)
<b>Net cash inflow from operations</b>	<u>504,095</u>	<u>656,761</u>

### 22. Events since the balance sheet date

There have been no events since the balance sheet date which would have a material impact on the financial statements.

### 23. Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £32,673 (2016: £31,456). Contributions totalling £5,116 (2016: £3,241) were payable to the fund at the balance sheet date and are included in creditors.

### 24. Obligations under leases

*Operating leases where the group is lessor*

At 31 March 2017 the group is due rental income under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>	
	2017	2016
	£	£
With one year	140,000	140,000
In two to five years	<u>-</u>	<u>-</u>

## Notes to the financial statements

at 31 March 2017

### 25. Related party transactions

The charitable company is controlled by its trustees who hold a majority of the voting rights.

Northumberland Estates

Various entities of Northumberland Estates are related parties of the group. Control of these entities referred to throughout these financial statements as "Northumberland Estates", is exercised by a Board of Trustees, of which the Duke of Northumberland, husband of the Duchess of Northumberland (a director of the charitable company), is a member.

The charitable company and Northumberland Estates have a close working relationship. With effect from 1 October 2009 certain categories of expenditure involving both The Garden and Alnwick Castle Ventures have been incurred by Alnwick Garden Enterprises Limited and recharges have been made to ensure The Garden only bears its share of the costs. All admissions charges for Alnwick Castle are banked by Alnwick Garden Enterprises Limited in the first instance and are reimbursed to Alnwick Castle Ventures after the end of each month. These arrangements provide managerial and financial benefits to the charitable company.

The group received goods and services during the year from entities within Northumberland Estates costing £56,082 (2016: £54,793). The group also operated a joint ticketing scheme with Alnwick Castle Ventures (ACV), ticketing income of £1,696,113 (2016: £1,572,984) and car park income of £79,351 (2016: £79,068) was collected on behalf of ACV during the year.

Shared expenses recharged from Northumberland Estates totalled £77,547 (2016: £34,644) and shared expenses recharged to Northumberland Estates totalled £58,975 (2016: £39,890). At the year end, the group owed £18,992 to Northumberland Estates (2016: £87,486).

The group held short term loans from the 9th Duke of Northumberland's Will Trust, 10th Duke of Northumberland's referential settlement: Duke's appointed fund, this being an entity within the Northumberland Estates, of £nil (2016: £nil) and long term loans of £3,310,769 (2016: £3,122,769) of which £nil falls due within one year. Further details are given in note 18.

The group received goods and services during the year from Hotspur Forestry Ltd, a company controlled by the Duke of Northumberland, of £3,957 (2016: £5,068), of which £66 (2016: £572) was owed at the year end.

During the year, key management personnel received remuneration of £75,000 (2016: £75,000)

## Notes to the financial statements

at 31 March 2017

### 26. Financial Instruments

	<i>Group</i>		<i>Charitable company</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	£	£	£	£
<i>Financial assets measured at amortised cost</i>				
Trade debtors	40,203	60,006	185	1,148
Amounts owed to group undertakings	-	-	-	1,374,567
Amounts owed by related party	1,505		1,505	
Other debtors	41,210	114,506	4,095	2,624
Accrued Income	9,479	138,753	9,479	22,055
<i>Financial liabilities measured at amortised cost</i>				
Trade creditors	287,487	376,794	31,644	62,471
Amounts owed to group undertakings	-	-	441,722	2,027,055
Amounts owed to related party	8,741	87,486	-	-
Other creditors	33,243	42,879	1,353	3,590
Accruals	43,986	234,505	11,795	10,846
Loan from related party	3,310,134	3,122,769	2,317,094	2,185,938