



2018–2019 Annual Report

Contents

The Trustees of the Association for Cultural Enterprises present their Annual Report and consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2019, which has also been prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

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The financial statements comply with the Charities Act 2011, the Companies Act 2006, the 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).

Welcome from the Chair

The annual report is a rare opportunity to reflect on the last year and to see the progress we've made. In my highlights below, I have made particular reference to our work in partnership and in areas of advocacy which are increasingly important to us.

This year has been our first full year operating as an Arts Council England Sector Support Organisation. This partnership is enabling us to develop new content and to evolve into a more digitally focused organisation. You will have seen early signs of these changes, and there is much more to come. I would like to thank Arts Council England for their support and guidance as we implement our new services.

I was delighted that Darren Henley, the Arts Council England CEO, was able to join us as our keynote speaker at Conference this year. He was, by turn, engaging, inspiring and irreverently funny. He reminded us of the contribution we make to the cultural sector and the broader impact this has on society. In doing so he echoed the values and purposes of our own Association and how we work collectively to share knowledge, skills and support.

I was particularly delighted to see a large number of new delegates at the conference this year, which I hope is reflective of our continuing relevance as a 'go to' organisation for commercial professional development in our sector. The conference this year featured our largest ever trade show and included new features, including a Designer Makers section in a successful partnership with Design Nation.

We also worked in partnership with America's Museum Store Association on two projects this year – the second *Museum Shop Sunday* and our first *International Exchange Programme* both of which we will continue to support and develop over the coming year.

We continue to act as advocates in the sector and have been working closely with the Department for Digital, Culture, Media & Sport (DCMS) commercial team as well as responding to the Scottish Government's consultation on a new culture strategy. We continue to engage with the leaders of cultural organisations, and we were delighted that Tristram Hunt was able to join us at *View from the Top* in May 2018.

The 2018-19 period closed with a fond farewell to our old branding, as we prepared to launch our new look Association logo and website, including the *Cultural Enterprises Academy*.

Finally, you may have noticed some personnel changes as we continue to develop the team and the Trustee Board. I would particularly like to thank Shirley Jackson, who stepped down from the Board after many years of service. Our Association has a truly brilliant team, all of whom are inspired by our wonderful Full and Associate Members, and the fantastic work that you do. Thank you for your continued support.



Caroline Brown
Chair, Association for Cultural Enterprises



Membership Report

Membership is the core of our community. It is through our membership that we deliver public benefit by promoting excellence in cultural income generation, and we are grateful to all our members for their support, enthusiasm and expertise.

Our membership includes cultural institutions of all specialisms and sizes in the UK and we are fortunate to have many loyal and long-standing members (particularly in the most prestigious national institutions) who are active as delegates, speakers and providers of host venues. The willingness to share information and expertise is the hallmark of the Association's membership offer.

We ended the year with 331 Full Members, this was a 10% year-on-year reduction which was primarily due to the expiration of free memberships awarded to Retail Resilience Programme (RRP) participants. The Programme ended in April 2018 with free memberships expiring March 2019. 80 RRP participant organisations are now members of the Association, while 93 did not continue into membership – however we continue to engage with lapsed organisations through our free regional Talking Shops.

Associate membership increased by 5% to 150. We gained a total of 92 new members during the year (49 Full and 43 Associates). A total of 11 memberships either lapsed or were cancelled (6 Full and 5 Associates).

Members have been increasingly engaged with the Association, sharing success stories and case studies in the e-news and participating in campaigns such as Museum Shop Sunday and the Best Product Awards. There are also regular opportunities for members to meet and exchange their experiences in person at regional Talking Shops, as well as Study Days, Masterclasses and the annual Conference.

For the mutual benefit of both Full and Associate Members, the Associate Member offer has been expanded to maximise networking opportunities with Full Members, including increased sponsorship and advertising slots, an introductory feature in the e-news and a listing in the online Supplier Directory.



ACE Conference & Trade Show 2019

Conference & Trade Show



28 February – 1 March 2019, Brighton

L-R: Darren Henley OBE, Chief Executive of Arts Council England
Zak Mensah, Head of Transformation Bristol City Council

The annual Conference is delivered by the Association's trading subsidiary company, to further our charitable purpose. 2019 was the Conference's second year in Brighton, and the decision to stay for two years allowed the event to develop and grow. Alongside the seminar programme and carefully curated trade show (the biggest of its type in Europe and an invaluable networking opportunity for industry professionals), two new initiatives were introduced which will both be extended in future years.

A new 'Designer Maker' zone was introduced, in partnership with Design Nation, which presented the work of 11 UK artists working in leather, ceramics, glass, metals, textiles and illustration. A full programme of short 'showcase' talks were offered free to trade show visitors and were well attended by delegates and exhibitors also. This year also saw the launch of a Conference app which enabled delegates to plan their timetables and to give feedback on sessions as well as tap into offers from exhibitors. The take up of the app was high, and it will continue to be developed over the coming years.

The broad and impressive seminar programme was led by sector experts

and included headline speakers from the Southbank Centre, Royal Museums Greenwich, Castle Howard, The Science Museum and both Manchester and Bristol Art Galleries. The opening Keynote, which was warmly received and later released as a Podcast, was delivered by Darren Henley OBE, CEO of Arts Council England.

Our International speaker this year was Ione Saroyan of the New York Historical Society Museum & Library. Delegates were treated to a second transatlantic session given by the conferree of a new International Exchange Programme run in partnership with the Museums Stores Association (MSA) in America. The conferree in its inaugural year was Bradley Platz from the Museum of Fine Arts, San Francisco. The conferree of the exchange in the UK was Louise Kirby of The Deep, Hull, who travelled to present at the MSA's conference in San Diego in April.

The Directors would like to thank all the speakers for the high quality of their presentations and for being so generous with their time and experience. It was a huge relief that we were not prey to the extreme weather conditions of 2018 and a full turnout was achieved by speakers and delegates in 2019.

Conference & Trade Show

Informative seminars – great to see new innovations and topics such as diversity being tackled in a fresh and engaging way

David Fenton
Head of Retail & Admissions,
Publishing & Brand Licensing
Imperial War Museums

Delegates and exhibitors enjoyed two sociable networking events – welcome drinks were held at the Brighton Museum & Art Gallery to open the event on the eve of Conference, and the Gala Dinner & Awards were as popular as ever, this year again hosted at the Brighton Centre. Long-established Associate Members King & McGaw generously sponsored the Welcome Drinks reception, this year for the eighth year in a row. Thanks are also due to the i360 for providing delegates with a thrilling flight and drinks ahead of the Gala Dinner. Our thanks also go to Associate Members

who supported the event in Brighton – Art Angels, History & Heraldry, Cornflower, The Museums Association, Yarto, Paula Bolton and Jigsaw. Their contributions certainly helped make the event such a success.

The 2019 event attracted another great mix of delegates from Europe and the USA, from large and smaller organisations and from all points in career paths. Feedback was both positive and constructive, with members also suggesting ideas for future Conferences.



ACE 2019 Trade Show



ACE 2019 Conference Directors' Panel Discussion

Best Product Awards

In 2019 the Best Product Awards once again showcased the creativity, imagination and resourcefulness of the retail and publishing teams in the cultural sector, and also acknowledged the contribution made by our Associate Members.

To keep the awards fresh the categories were reviewed and some changes were made. Children's Products and Publications were separated to reflect the breakdown of entries, and the Best Café category was rested this year.

There were a total of 133 entries over 10 categories. 72% of entries were from organisations with a turnover of £1million and over. Entries were submitted from all regions of the UK, including the Channel Islands, and also from our European members. Once again the judges had a wide selection to consider, ranging from exquisitely illustrated and informative publications and beautiful giftware ranges based on our literary heritage, to an inspiring

project undertaken by one of our smaller members – Bawdsey Radar Trust. The Trust, which safeguards the first operational radar station in the world, is volunteer run and opens two days a week. Winning the Best Shop Award is a great achievement, and we were delighted to make the award in recognition of the amazing and focussed development of their retail offer.

The award for Best Product Overall this year, voted for by the delegates at the Conference went to the Hepworth Gallery Wakefield for their range based on an exhibition of the photography of Lee Miller in relation to Surrealism in Britain.

All entries were of an exceptionally high standard and we offer our congratulations and thanks to everyone who submitted entries. We look forward to the expanded and renamed Cultural Enterprises Awards for 2019.



Overall Winner: The Hepworth Gallery



London Transport Museum



National Museums Liverpool



Bawdsey Radar Trust

Training Programme

Each year our training programme embraces a wide range of topics and addresses the core areas of self-generated income practiced in the sector, namely

- Retail
- Catering
- Events & venue hire
- Publishing
- Copyright & IPR

Events are held across the country to reach the largest possible base of attendees, and the programme is balanced to have appeal both to smaller organisations and to senior sector leaders. Peer to peer Study Days form a major part of our programme, alongside popular formats such as *ACE on Tour* which covers a number of venues in one area. In 2018 these were Cambridge and Belfast. In Cambridge we visited the Fitzwilliam Museum & Art Gallery, Kettles Yard, the Museum of Zoology and the Botanic Gardens: in Belfast we visited the science centre W5 and Titanic Belfast.

A Day in the Life is now a well-established format in the programme that takes an 'under the skin' look at one successful organisation. In this period we were hosted by Blenheim Palace, National Museums Liverpool, the Mary Rose and the Natural History Museum.

It is an ongoing journey to ensure that the programme delivers a consistently high level of quality and relevance. We welcome input and ideas from all in the membership community, do get in touch if you would like to support us in any way – ideas, rooms, speakers...

Our subsidiary trading company delivers professional Masterclasses through the year. In 2018/19 21 training events were held (13 Study Days, 8 Masterclasses), engaging 702 delegates. 93% of all event attendees rated the content of the event as 'Good' or 'Very Good' (our top categories).

The wide and varied programme of events this year attracted senior speakers from the sector. Diane Lees (Director General, Imperial War Museums); Elaine Bedell (Chief Executive, Southbank Centre); Amanda Saunders (Director of Development and Enterprises, Royal Opera House); Richard Smith (Director,



Study Day: Terracotta Warriors
National Museums Liverpool

Training Programme



A Day in the Life of Blenheim Palace

the Tank Museum); James Fleming (Head of Commercial Projects and Policy Unit, DCMS Commercial); Nick Merriman (Chief Executive, Horniman Museum and Gardens) who all addressed delegates at the annual one-day conference, *View From the Top*.

During the year we began collecting information from attendees on their travel. In partnership with Julie's Bicycle we now collect and can report on the environmental impact of delegate and staff travel which this year was the equivalent of 13.5 tonnes of Carbon Dioxide. In line with our Environmental Action Plan, we will reduce this over time.

This year saw successful pilot courses trialled in our Online Academy. We will report in more depth on this important activity in future years.

As always, we are grateful to all our speakers who give their time freely and share their expertise. We are indebted to our member institutions who host the events and help maintain the modest fees we charge to members. Not least, we are most grateful to all delegates for their enthusiastic participation.



Masterclass: Licensing
Kelvingrove Museum & Art Gallery, Glasgow



ACE on Tour: Titanic Belfast

Event Calendar 2018–19

17 Apr	Masterclass: PR for Cultural Retail	RAF Museum, London
2 May	A Day in the Life of The Mary Rose Museum	Mary Rose Museum, Portsmouth
8 May	View from the Top	Wellcome Collection, London
5 Jun	Masterclass: Getting Smart in Licensing	Geffrye Museum, London
12 Jun	Masterclass: A Walking Tour of Great Shops	London
19 Jun	A Day in the Life of the Natural History Museum	London
26 Jun	Masterclass: Sourcing Crafts for your Shop	Royal Albert Memorial Museum, Exeter
5 Jul	Masterclass: Working with Designer Makers	St Paul's Cathedral, London
12 Jul	Study Day: Looking at Product Development	Fashion and Textile Museum, London
19 Jul	ACE Pub Quiz 2018	The Morpeth Arms, London
6 Sep	Masterclass: Starting out in Licensing	Kelvingrove Museum and Art Gallery, Glasgow
13 Sep	Study Day: The Terracotta Warriors – Monetising a Major Exhibition	National Museums Liverpool
18 Sep	A Day in the Life of Blenheim Palace	Blenheim Palace, Woodstock
25 Sep	Picture Library Symposium 2018	Old Royal Naval College, London
1 Oct	ACE on Tour: Cambridge	Cambridge
9 Oct	Study Day: Ethical Retailing	South London Gallery, London
30 Oct	Masterclass: Visual Merchandising	St Mungo Museum of Religious Life and Art, Glasgow
6 Nov	Masterclass: How to Think Like an Entrepreneur	Charles Dickens Museum, London
12 Nov	Association for Cultural Enterprises AGM	London Transport Museum, London
25 Nov	Museum Shop Sunday	Nationwide
27 Nov	ACE on Tour: Belfast	Belfast
24 Jan	Masterclass: PR on a Budget	Hepworth, Wakefield
12 Feb	Shop Floor Skills Workshop	Kelvingrove, Glasgow
28 Feb – 1 Mar	Conference & Trade Show	Brighton

Regional Talking Shops

Talking Shops are regional meetings held three times a year and facilitated by the Association, open to everyone in the heritage sector regardless of membership. They are a key legacy of the Arts Council funded Retail Resilience Programme delivered by the Association throughout 2015-18 and speak to the core of our charitable purpose.

The groups represent the nine Arts Council regions in England and operate regionally as follows:

- **Yorkshire**
- **The North West**
- **The Midlands**
- **London & the South East**
- **The South West**
- **The East of England**

Currently, we do not operate Talking Shops in Wales, Scotland or Ireland. We are very keen to hear from members who would be willing to lead the development of Talking Shops in those nations and regions, with our support.

During the period, 14 meetings were held around the country, across five regions, in venues from the spectacular Aerospace Bristol and the inspirational British Library to the eclectic Royal Albert Memorial Museum in Exeter – bringing museum shop retailers together to compare notes and performance to network and support each other.

Both large and small shops had much to share, and agenda items included digital guidance, buying sustainable products, eCommerce, and EPoS, and Visual Merchandising on a budget. All topics are suggested by the group members as being of particular value to them. Highly regarded by the attending delegates, over 218 people attended the Talking Shop meetings, overall representing 60 venues.



Lee Morgan, Section Manager, John Lewis Cheadle, at the North West Talking Shop

Public advocacy and Communications

The marketing and communications strategy aims to increase engagement with members, grow membership and promote awareness of the Association within the sector.

In 2018 Robin Cantrill-Fenwick (Director of Digital and Communications), and Ted Harris (Digital Communications Officer), joined the team, primarily to create and roll out the new online Academy as well as to support our full range of digital communications.

Our e-newsletter, The Bottom Line, provides a regular touchpoint with members, featuring news, training events, jobs and opportunities such as the new international exchange programme. We now have almost 4,000 subscribers, with consistently healthy open and click-through rates. Members receive the full version, while non-members receive an abridged version with a membership call to action. The e-news has been well received by members who enjoy the weekly contact

from the Association, reinforcing our role as a key source of news and information as well as a platform for networking.

Social media activity has increased over the last year, and our total following across all platforms has grown by an impressive 75%. We will be looking to develop social media further, especially to promote the new online Academy, using a wider range of content such as blog posts with educational value.

The Association has an excellent track record in the safe storage and processing of member data. The introduction of the General Data Protection Regulation nonetheless required a number of operational changes, system investment and documentation.

We continue to act as advocates in the sector and have been working closely with the Department for Digital, Culture, Media & Sport (DCMS) commercial team, as well as responding to the Scottish Government's consultation on a new culture strategy.

Museum Shop Sunday

Following the success of the inaugural Museum Shop Sunday in 2017, the second annual event took place on 25 November 2018.

Over 1,000 cultural shops took part in 15 countries, including 200 in the UK, a 58% increase year on year. This included 71 new participants, many of whom were also new to the Association. The event was featured on BBC Business and BBC Radio London as well as regional press. We also wrote to MPs encouraging them to promote Museum Shop Sunday in their constituencies and on social media.

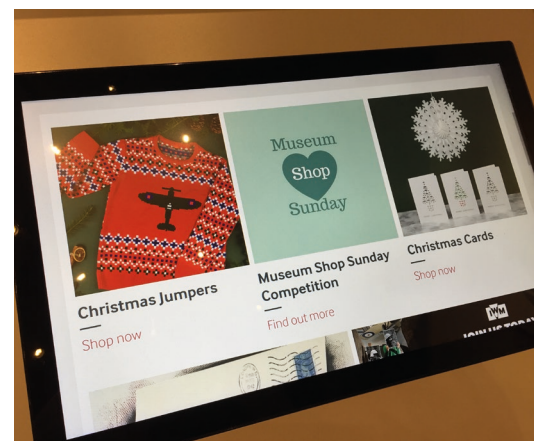
The campaign was rounded off with a superb piece on BBC Radio 4's

You and Yours programme and BBC News featuring interviews with the Heads of Retail at BALTIC Centre for Contemporary Art and Imperial War Museums, talking about the growth of cultural retail.

Museum Shop Sunday has truly created a platform to raise the profile of cultural retail throughout the year, not just on one single day. The aim now is to focus on growing consumer awareness, and we hope that you will all join us in taking part again on Sunday 1 December 2019.

We don't usually open on a Sunday – and in just three hours sales beat our best day's sales so far this year

Niki Brotherton
Visitor Services Manager
Bridport Museum Trust



The Year Ahead

2018-19 was an ambitious year for the Association and we achieved much in terms of growth and expansion whilst maintaining the delivery of quality events and member benefits. But we don't plan to rest there, and continue to have ambitious plans for the coming year.

We are committed to broadening and deepening our impact in the sector, expanding our training remit and developing our advocacy skills. In 2018/19, we pre-launched our Online Academy that will extend our reach to anyone who would benefit from our training offer who may not find it easy or convenient to access all-day training courses, or who otherwise prefer online learning.

The Academy will also provide meaningful content for people at all points in their commercial career and will build to around 40 courses over the next four years, making it an unparalleled resource in the sector in the UK and globally. The first major modules available currently are the Retail Essentials courses, a solid grounding for all entry levels in Finance, Buying, Visual Merchandising and Shop Floor Skills.

This is the Association's second year as an Arts Council England National Portfolio Sector Support Organisation (SSO). This partnership enables us to widen and deepen our ability to support the wider sector, and in 2019/20 we aim to work even more closely with Arts Council England to signpost their funded organisations to our offer.

The Association has recently seen a rebrand and relaunch, including a new website and change of emphasis to our name that brings out the emphasis on 'Cultural Enterprises' to better represent our membership.

In 2019/20 we will deliver a full training programme and the calendar highlight, the Annual Conference, will take us to Harrogate. The team is very excited at the prospect of such a historic host town for our event and even more excited that our main plenary space was host to the 27th Eurovision Song Contest in 1982!

The Association continues to develop and grow – its event output, its reach, building a valuable online learning platform and developing strong global connections for our members through Museum Shop Sunday and our international exchange scheme with the MSA in America. It's a great time to be involved – to be, or become, a member. Despite this growth, at its heart the Association remains a community of colleagues which, through generous sharing of experience and knowledge helps every one of its members to learn and grow.

Help us to spread the word and widen our network. If every member told just one potential member about our work we could plan our events geographically more widely and create an even greater pool of expertise on which to draw and help each other. The Association would like to thank our current members who have supported us throughout this year and we look forward to engaging with you all in 2019/20.

Finance Report

We ended 2019 with total funds carried forward of £367k (2018: £285k), an increase of £82k. This compares well with 2018 when we had a reduction of £12k. Reserves remain strong and the prospects for the charity are good. Our relationship with Arts Council (England) as a National Portfolio Organisation has made a significant difference.

Compared to 2018, income rose by 32%, with the Arts Council (England) grant making up two thirds of the increase. Membership income continues to rise, up 24% compared with 2018, and the Annual Conference and Trade Show also boosted revenue, resulting in the charity's trading company contributing £41k to the charity (2018: £26k).

Operating costs increased due to continued growth in the organisation. Conference expenditure rose by 11% on last year, although this was countered by an increase in Conference revenue of 15%. The Cultural Enterprise Academy incurred development costs of £108k during its initial year, and we have created a new designated fund to track income and expenditure associated with the Academy.

There has been a significant rise in trade creditors from £8k at the end of 2018 to £50k at the end of 2019. The largest element of this is £24k of Conference costs not paid until after the year end, and there were also costs of £14k incurred for the online Academy late in the financial year.

Of the funds carried forward, £243k (2018: £175k) has been designated for specific purposes. The Academy Fund has been established to increase visibility of the income and cost associated with this exciting new development. As at the end of the year there was a balance of £23k carried forward in this fund, caused by some delays in the project which we expect to catch up in 2020.

The Conference Expenses Fund is held as a buffer against the following year's Conference expenses and this has been increased to fully reflect the growth of the Conference in terms of activity and cost.

Reserves Policy

Reserves are held to fund working capital, off-set unforeseeable shortfalls in income and to provide resources for future activities. The Trustees have identified the following key factors in setting the level of reserves:

- the level of volatility in our income
- the level of dependency on the annual Conference and Trade Show
- our plans for the growth of the organisation

i. Volatility

The Association need liquid funds for working capital requirements and to cope with any unexpected drop in income. To address this, we take three months of operating income/expenditure (excluding the Online Academy) as a guide for the level of free reserves (i.e. unrestricted, general reserves, excluding designated reserves). On this basis, we would aim to keep between £114k – £129k in free reserves. The current value of free reserves is £124k, which is within the target range.

Finance Report

Annual Conference and Trade Show

The organisation's programme is highly dependent on the Conference, which accounts for a significant amount of our gross unrestricted revenue. We commit to Conference venues well in advance of raising income, and there is a risk of irrecoverable expenditure. To offset this risk, the Conference Expenses Fund was created to cover the cost of the following year's Conference. Following a review of the cost of the conference, the fund was increased by £45k to £120k.

ii. Plans for growth

It continues to be our intention to grow and develop the Association over the coming years, and the Association Development Fund (ADF) was established to build reserves to fund future growth.

Our most ambitious project is the development of an online trading academy, which requires significant investment in technology and content. We continue to believe it to be prudent to allow for additional expenditure over and above the Arts Council (England) funding for the project, in the event that unexpected additional costs arise, or that projected income fails to meet expectations. To that extent, the ADF holds £100k of designated reserves, based on a horizon of four years at £25k per year. This is reviewed annually.

Additionally, we have created the Academy Fund (AF) through which the funding and expenditure relating to the Cultural Enterprises Academy will flow. This year, £130k of funds from the Arts Council (England) grant have been allocated to this fund and there was expenditure of £107k leaving a balance of £23k remaining. Should there be expenditure in excess of income in future years, transfers will be made from the ADF to the AF as necessary.

Risk Management

The Trustees have assessed the major risks to which the Charity and the group is exposed, in particular those related to the operations and finances of the Charity and the group, and are satisfied that the systems and procedures are in place to mitigate exposure to the major risks.

Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Charity 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.

Objects and Public Benefit

The Association for Cultural Enterprises is a charity established to deliver public benefit through the promotion of excellence in cultural trading, which contributes to the resilience and sustainability of cultural institutions.

In planning and overseeing the Association's activities for the year, the trustees have given due consideration to the guidance published by the Charity Commission relating to public benefit. The trustees have considered how the charity's activities contribute to our aims and objectives and are satisfied that The Association is delivering benefits to the cultural and heritage sector via its member organisations.

The Association's charitable purposes are part of the charity's objects as stated in its Articles of Association:

- 1. To provide education and training for all of its members and the general public on commerce in the cultural and heritage sector; and**
- 2. To promote the voluntary sector for the benefit of the public by assisting voluntary organisations and charities to maximise their revenue by providing a forum for sharing information and ideas on commerce in the cultural sector.**

Activities for Achieving Objectives

The Association provides education and training to its members on a wide range of commercial activities (including publishing, licensing, venue hire, film locations, retail and catering) which helps members to maximise self-generated income for their organisations. The Charity can call upon a considerable pool of expertise via its staff, Trustees, external experts and the general membership. All members are encouraged to take advantage of this expertise via formal training and online tools, as well as networks and contacts facilitated by the Charity's activities.

Formal learning and development opportunities include:

- **Masterclasses delivered by expert trainers**
- **Peer to peer Study Days covering a wide range of topics**
- **Certified courses delivered through the online *Cultural Enterprises Academy***
- **The annual Conference which includes workshops, seminars and plenary sessions**

Other learning and development opportunities include:

- **The LinkedIn group which facilitates dialogue and helps share best practice**
- **Networking opportunities at the annual Conference, AGM and other training events**
- **Online resources such as Culture Shop**
- **Regional Talking Shops which offer local learning and networking opportunities**
- **The Best Product Awards which raises awareness of the quality of cultural retail**

A limited number of bursaries are available for Study Days each year which cover the cost of the delegate fee. To qualify, organisations must be an independent charity or trust, and generate income of less than £50,000 per annum from commercial activities (excluding admission charges).

Objects and Public Benefit

Membership Criteria

Membership is subject to the criteria set out in the Charity's Articles of Association. Both Full Members and Associates are warmly encouraged to attend events and meetings, but voting is constitutionally allowed only to full member organisations through their nominated representatives.

Full membership is open to any cultural organisation that is established for public benefit and registered as a charity, or otherwise run not for profit. Such organisations include museums, galleries, libraries and archives, historic buildings and houses, including religious buildings, and historic gardens.

Associate (non-voting) Membership is open to any UK cultural organisation run for private profit and any commercial companies, firms or individuals that support the Association's work. Non-profit, cultural organisations from outside the UK are also welcome to join as Associate Members.

Fundraising

The Association is funded by the subscriptions of its members, payments for education activities and profits from Cultural Enterprises (Trading) Limited. We are also supported by Arts Council England. We do not undertake any fundraising activity from the general public and as such we are not subscribed to any particular scheme of fundraising regulation.

Structure, Governance and Management

Constitution

The Charity's constitution originally consisted of a Memorandum and Articles of Association adopted at incorporation. These were subsequently amended and consolidated into a single set of Articles of Association. Cultural Enterprises (Trading) Limited (CET) is a trading subsidiary company of the charity established by the Trustees in 2013 in order for the Charity to expand its activities and carry them out more profitably with less risk. CET's activities comprise principally the Masterclasses and Conference, with any net operating profits being donated to the Charity under Gift Aid. The results of the company are included within the Charity's consolidated accounts.

Appointment of Trustees

All Trustees are required to have one or more of the skills required to govern, manage and steer the Charity effectively. These skills include finance, retail, publishing, licensing, picture libraries, catering, film locations, venue hire, events management and general management expertise. Prospective Trustees are recruited by the means of advertisement on the Charity's website and email broadcast with candidates being interviewed by a panel of Trustees and expert advisers for suitability. All Trustees are informed of their legal responsibilities to the Charity and of governance procedures generally. Further training is given to new Trustees on appointment. Following amendments made to the Articles of Association at the previous AGM, the charity may appoint up to two independent Trustees from outside the membership, to its Board.

Key Management Personnel

Alongside the Trustees, all members of staff are considered key management personnel given the current scale of the Charity's operations. This may change if the charity grows and will be reviewed annually. Setting pay within the Association is a matter for the Finance and Administration Committee. Initial salaries are discussed and agreed between the Chief Executive and the Trustees. An annual review of salaries is undertaken by the Finance and Administration Committee which takes into account performance, market rates for similar positions and the prevailing rate of inflation. The Committee are not bound to increase salaries annually. There is no bonus scheme or performance related pay mechanism. None of the Trustees receive remuneration for their roles as Trustees of the Association. Jill Fenwick and the other employees that make up the key management personnel of the Association are salaried staff, employed by the charity. The Association employees are also employees of CET.

Organisation

The Trustees delegate the Charity's day-to-day work and implementation of strategy to the Chief Executive, Jill Fenwick, who is a full time employee of the Charity and Managing Director of the trading company. There are five further employees, including two staff taken on specifically to create, roll out and manage the Cultural Enterprises Academy. Training courses are delivered either by staff from member organisations giving their time free of charge, or by industry professionals contracted to the Association or CET. Accountancy support is provided to both the Association and CET by Sandra Silk Bookkeeping. Secretarial and legal support is provided by Bates Wells.

Risk

The Charity maintains a risk register which is regularly reviewed and updated by the Finance and Administration Committee and discussed at Board meetings.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of the Association for Cultural Enterprises for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting 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 charitable group will continue in operation

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Approved by the Trustees on 16/10/2019 and signed on their behalf by:



Caroline Brown
Chair of The Association for Cultural Enterprises

References and Administrative Details

Association for Cultural Enterprises

Company registered no. 06480726

Charity registered no. 1122763

Trustees

C Brown (Chair)
M Bailey
K S Coghill
C P Gilbert*
Z Mensah
A Misquitta
J M Molloy
C M Needham
D J Smith
R Taylor
I Watson
L Wright
S A Jackson (*resigned 10/09/2018*)

Solicitor

Bates Wells
London LLP
10 Queen Street Place
London EC4R 1BE

Independent Examiner

Allen Sykes
5 Henson Close
South Church Enterprise Park
Bishop Auckland
County Durham
DL14 6WA

Banker

HSBC plc
165 Fleet Street
London EC4A 4DY

Registered Office

Unit 21, Portway Business
Centre
Old Sarum
Salisbury SP4 6QX

* *Independent trustee*

Finance & Administration Committee

C Brown
J Fenwick
C P Gilbert
C M Needham (Chair)

Management Team

Managing Director
J Fenwick

Director of Digital &
Communications
R Cantrill-Fenwick

Communications & Media
Manager
J Whitworth

Events Manager
F O'Donovan

Finance & Administration
Manager
D Smith

Business Development Support
Manager
D Evangelides

Digital Communications Officer
T Harris

Events Coordinator
I Foster

Principal Trading Office

Unit B14
Durham Dales Centre
Castle Gardens
Stanhope
Bishop Auckland
DL13 2FJ

Company Secretary

Bates Wells

Independent Examiner's Report

Independent examiner's report to the Trustees of The Association for Cultural Enterprises

I report to the trustees on my examination of the financial statements of The Association for Cultural Enterprises ('the charity') for the year ended 31 March 2019.

Responsibilities and basis of report

As the trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent Examiner's Statement

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales (ICAEW), which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
2. the financial statements do not accord with those records; or
3. the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Independent Examiner's Report

Signed:

Dated:

Mr P W Lamb FCA

Independent Examiner

Allen Sykes Limited
5 Henson Close
South Church Enterprise Park
Bishop Auckland
County Durham
DL14 6WA

Consolidated Statement of Financial Activities

		Unrestricted Funds	Total Funds	Total Funds
		2019	2019	2018
	Note	£	£	£
Income from:				
Memberships	2	86,975	86,975	70,255
Grants	2	198,067	198,067	93,754
Educational activities	3	65,948	65,948	67,430
Trading activities	4	293,182	293,182	253,942
Investments	5	251	251	104
Total Income		644,423	644,423	485,485
Expenditure on:				
Trading activities	4	252,314	252,314	227,954
Charitable activities	6	310,565	310,565	269,409
Total expenditure		562,879	562,879	497,363
Net income / (expenditure) before other recognised gains and losses		81,544	81,544	(11,878)
Reconciliation of funds:				
Total funds brought forward		285,187	285,187	297,065
Total funds carried forward		366,731	366,731	285,187

All activities relate to continuing operations.

The notes on pages 26 to 34 form part of these financial statements.

Balance Sheet

	Note	Group 2019	Group 2018	Charity 2019	Charity 2018
Fixed assets					
Tangible assets	10	6,956	699	6,956	699
Investments				1	1
		<u>6,956</u>	<u>699</u>	<u>6,957</u>	<u>700</u>
Current assets					
Debtors	11	17,239	16,735	18,750	53,239
Cash at bank and in hand		<u>414,102</u>	<u>292,410</u>	<u>376,350</u>	<u>243,941</u>
		<u>431,341</u>	<u>309,145</u>	<u>395,100</u>	<u>297,180</u>
Creditors: amounts falling due within one year	12	<u>71,566</u>	<u>24,657</u>	<u>35,326</u>	<u>12,693</u>
Net current assets		<u>359,775</u>	<u>284,488</u>	<u>359,774</u>	<u>284,487</u>
Net assets		<u>366,731</u>	<u>285,187</u>	<u>366,731</u>	<u>285,187</u>
Charity Funds					
Unrestricted funds	13	<u>366,731</u>	<u>285,187</u>	<u>366,731</u>	<u>285,187</u>
Total funds		<u>366,731</u>	<u>285,187</u>	<u>366,731</u>	<u>285,187</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

The Trustees consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ('the Act') and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act.

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved by the Trustees on 16/10/2019 and signed on their behalf, by:



Caroline Brown
Chair of The Association for Cultural Enterprises

The notes on pages 26 to 34 form part of these financial statements.

Notes to Financial Statements

1. Accounting Policies

1.1 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)) and the Companies Act 2006.

The Association for Cultural Enterprises 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.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the Charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

1.2 Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 21. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 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 company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the 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.

1.4 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the company which is the amount the company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt. The charity utilises voluntary speakers as well as extra Trustee time and does not recognise this service as a gift in kind.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one

Notes to Financial Statements

activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated equally between the charity and company.

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 company and include project management. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Charitable activities and Governance costs are costs incurred on the charity's operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

1.6 Going concern

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern.

1.7 Basis of consolidation

The financial statements consolidate the accounts of the Charity and all of its subsidiary undertakings ('subsidiaries').

The Charity has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own income and expenditure account.

The surplus / (deficit) for the year in the accounts of the charity was - £81,544 (2018: -£11,878).

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

1.9 Tangible fixed assets

Individual fixed assets costing £250 or more are capitalised at cost and are depreciated over their estimated useful economic lives on a straight line basis as follows:

Computer equipment - straight line over 3 years

1.10 Debtors

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

1.11 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Notes to Financial Statements

1.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pretax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 Financial instruments

The company 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 bank loans which are subsequently measured at amortised cost using the effective interest method.

1.14 Critical accounting judgements and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgements are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Management do not consider there to be any material accounting estimates or judgements that need disclosure in these financial statements.

2. Memberships and Grants

	2019 £	2018 £
Full memberships	49,840	39,495
Associate memberships	37,135	30,760
	<hr/> 86,975	<hr/> 70,255
Grants (Arts Council England)	<hr/> 198,067	<hr/> 93,754
	<hr/>	<hr/>
Total memberships and grants	<hr/> 285,042	<hr/> 164,009

Notes to Financial Statements

3. Educational Activities

	2019 £	2018 £
Learning and development	43,198	41,300
Reimbursement expenses	-	230
Donated gifts and services	22,750	25,900
	<u>65,948</u>	<u>67,430</u>

The charity is grateful to the various organisations who donate their services and facilities for free or for reduced charge. An equivalent charge is included within charitable activities.

4. Trading Activities

	2019 £	2018 £
Trading Income		
Subsidiary company income	<u>293,182</u>	<u>253,942</u>
Trading Expenses		
Subsidiary company expenditure	<u>252,314</u>	<u>227,954</u>
Net income from trading activities	<u>40,868</u>	<u>25,988</u>

5. Investments

	2019 £	2018 £
Bank interest	<u>251</u>	<u>104</u>

Notes to Financial Statements

6. Charitable Activities

	Governance	Administration and Organisation	Retail Resilience Programme	Cultural Enterprises Academy	Total 2019	Total 2018
	£	£	£	£	£	£
Direct costs	-	38,236	1,257	3,482	42,975	77,446
Support costs	14,768	148,517	124	104,181	267,590	191,963
	14,768	186,753	1,381	107,663	310,565	269,409
Total 2018	9,572	171,847	87,990	-	269,409	

7. Direct Costs

	Administration and Organisation	Retail Resilience Programme	Cultural Enterprises Academy	Total 2019	Total 2018
	£	£		£	£
Learning & development	23,986	-	-	23,986	20,431
Conferences & exhibitions	-	-	-	-	844
Development costs	-	-	-	-	12,140
Training day costs	-	1,257	-	1,257	25,131
Course costs	-	-	3,482	3,482	-
Donated gifts & services	14,250	-		14,250	18,900
Total	38,236	1,257	3,482	42,975	77,446

Notes to Financial Statements

8. Support Costs

	Governance	Administration and Organisation	Retail Resilience Programme	Cultural Enterprises Academy	Total 2018	Total 2017
	£	£	£		£	£
Legal and professional fees	4,296	1,277	-	8,338	13,911	9,649
Insurance	-	692	-	-	692	796
Administrative costs	-	33,401	-	27,223	60,624	25,413
Advertising and marketing	-	2,699	-	-	2,699	1,892
Accountancy fees	-	7,587	-	-	7,587	7,587
Independent examination fees	1,972	-	-	-	1,972	1,993
Travel and subsistence	-	20,119	124	1,219	21,462	27,424
Staff costs	-	82,472	-	67,401	149,873	110,209
Donated gifts and services	8,500	-	-	-	8,500	7,000
	14,768	148,517	124	104,181	267,590	191,963
Total 2018	9,572	131,672	50,719	-	191,963	

9. Staff Costs

	2019 £	2018 £
Wages and salaries	132,446	98,023
Social security costs	11,633	7,533
Pension costs	5,794	4,653
	149,873	110,209

The average number of persons employed by the company during the year was as follows:

	2019	2018
Administration and organisation	6	6

No employee received remuneration amounting to more than £60,000 in either year.

Notes to Financial Statements

No remuneration, directly or indirectly, was paid or deemed payable for either period to any Trustee or persons known to be connected with them.

The key management personnel comprises the Trustees and each member of staff employed. Total employee benefits of the key management personnel were £138,240 in 2019 and £102,676 in 2018.

10. Tangible Fixed Assets – Group and Charity

	Computer equipment £	Total £
Cost		
At 1 April 2018	958	958
Additions	8,312	8,312
At 31 March 2019	9,270	9,270
Depreciation		
At 1 April 2018	259	259
Charge for the year	2,055	2,055
At 31 March 2019	2,314	2,314
Net book value		
At 31 March 2019	6,956	6,956
At 31 March 2018	699	699

11. Investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2018 and 31 March 2019	1
Impairment	
At 1 April 2018 and 31 March 2019	–
Carrying amount	
At 31 March 2019	1
At 31 March 2018	1

Notes to Financial Statements

12. Debtors

	Group	Group	Charity	Charity
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	12,579	7,135	1,229	1,975
Amounts owed by group undertakings	-	-	17,422	41,664
Other debtors	1,613	-	-	-
Prepayments and accrued income	3,047	9,600	99	9,600
	17,239	16,735	18,750	53,239

13. Creditors: Amounts Falling Due Within One Year

	Group	Group	Charity	Charity
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	50,114	8,847	18,224	5,056
Other taxation & social security	5,499	12,173	5,499	4,493
Other creditors	11,785	1,494	8,635	1,494
Accruals & deferred income	4,168	2,143	2,968	1,650
	71,566	24,657	35,326	12,693

Notes to Financial Statements

14. Summary of Funds

	Brought Forward	Income	Expenditure	Transfers	Carried Forward
	£	£	£	£	£
General funds	110,187	514,019	455,216	(45,000)	123,990
Designated funds:					
– ACE Development Fund	100,000	-	-	-	100,000
– Conference Expenses Fund	75,000	-	-	45,000	120,000
Academy Fund	-	130,404	107,663	-	22,741
Total	285,187	644,423	562,879	-	366,731

Name of restricted fund, description, nature and purpose

General Funds:

‘Free reserves’ after allowing for designated funds.

Designated Funds:

ACE Development Fund: To support the growth of the Association and any unforeseen ancillary expenditure. In particular, this fund will act as a contingency fund for the Online Academy project, if additional costs are incurred or income is not as high as expected. These funds will be used over the next four years in support of the project.

Conference Expenses Fund: To cover the cost of the annual Conference for the following year if the necessary income cannot be raised.

Academy Fund: Income and expenditure associated with the Cultural Enterprises Online Academy will be allocated to this fund. Income is primarily from Arts Council England.

Notes to Financial Statements

15. Analysis of Net Assets Between Funds

Group	Unrestricted funds	Total funds 2019	Total funds 2018
Tangible fixed assets	6,956	6,956	699
Current assets	431,341	431,341	309,145
Creditors less than 1 year	(71,566)	(71,566)	(24,657)
	366,731	366,731	285,187
Charity	Unrestricted funds	Total funds 2019	Total funds 2018
Tangible fixed assets	6,957	6,957	700
Current assets	395,100	395,100	297,180
Creditors less than 1 year	(35,326)	(35,326)	(12,693)
	366,731	366,731	285,187

16. Related Party Transactions

There have been no transactions undertaken with related parties during the year. Member organisations are not considered to be related parties.

17. Principal Subsidiaries

Cultural Enterprises (Trading) Limited

Subsidiary name	Cultural Enterprises (Trading) Limited
Company registration number	08690077
Country	United Kingdom
Equity shareholding %	100%

The net assets for the year dealt with in the accounts of the subsidiary was £1 (2018: £1).



Annual Report

2018-19

www.culturalenterprises.org.uk
Registered charity no. 1122763

