

COMPANY REGISTRATION NUMBER 2241272

**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2009**

Charity Number 700701

ALLEN SYKES LTD
Chartered Accountants & Registered Auditors
5 Henson Close
South Church Enterprise Park
Bishop Auckland
County Durham
DL14 6WA

**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009**

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**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE**

MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS

The board of trustees

Mr H James F.R.I.C.S., F.A.P.M. - Chairman
Mr E K G Hughes L.L.B., M.Sc. - Vice Chairman
Mr J K Almond A.R.S.M., Ph.D., M.Ed., M.I.M.M., C.Eng.
Mr D Armstrong
Mrs S Barker
Mr D Futers Bsc MinstSCE
Mr J R Hall
Mr P Jackson B.A.
Mrs J Jackson
Mr G D Scorer
Dr F W Smith C Eng.
Mr C Wilkinson
Mr C Stirling

Registered office

Nenthead Mines
Nenthead
Alston
Cumbria
CA9 3PD

Auditor

Allen Sykes Ltd
Chartered Accountants
& Registered Auditors
5 Henson Close
South Church Enterprise Park
Bishop Auckland
County Durham
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Bankers

HSBC
Market Place
Alston
Cumbria
CA9 3QN

Solicitors

Watson Burton LLP
1 St James Gate
Newcastle upon Tyne
NE99 1YQ

NORTH PENNINES HERITAGE TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 MARCH 2009

The Trustees, who are also Directors for the purposes of the Companies Act, have pleasure in presenting their report and the financial statements of the charity for the year ended 31 March 2009.

Legal Status

The North Pennines Heritage Trust is a charitable company, limited by guarantee and was established in 1987. It is governed by a Memorandum and Articles of Association.

Organisational Structure

The Trust is administered by 13 Trustees named on page 1 appointed from the membership of nearly 500.

The Trustees meet regularly during the year and oversee the work of the staff. The Trustees have appointed an Executive Committee of the Chairman, the Vice Chairman, and Treasurer, in order to oversee the regular management of the Trust. There are three other committees for specific purposes, each of which is chaired by a designated Trustee.

During the year, the Development Officer and Business Manager, appointed by the Trustees, directed the daily work of the Trust and were supported by an Archaeologist, an Education Officer and an Administration & Finance Assistant.

The Business Manager was responsible to the Chairman of the Trustees for all Health and Safety matters. This year the Trust has maintained its good safety record and there have been no major accidents.

Trustee Recruitment and Appointment

Members serving as Trustees and Directors are unpaid and are registered at Companies House. The Trust insures the Trustees in respect of their duties to the organisation.

All members are circulated with separate invitation to nominate Trustees prior to the AGM advising them of the retiring Trustees. Each Trustee serves for three years and then must be re-elected if they wish to continue to be a Board member. The Board try to recruit members with the skills required to maintain a good mix of experience.

Induction and Training of Trustees

The Trust has held a Trustee and Senior Staff Planning Day in February 2009 to identify priorities to take forward. The provision of formal training and induction for Trustees and Senior Members of Staff will be reviewed during 2009.

Details of wider networks

The Trust is a member of a number of networks that it uses to gain and pass on experience gained in dealing with funders and business skills these include:

- Development Trust Association
- Federation of Northumberland Development Trusts
- North Pennines AONB Partnership
- Alston Moor Partnership
- Northumberland Attractions Group
- Heritage Link
- Volunteer Co-ordinators' Network
- Haltwhistle Community Partnership
- Friends of Historic Dilston

NORTH PENNINES HERITAGE TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2009

Related Parties

The Trust is actively developing relationships with a number of organisations and in particular MENCAP where it is working in partnership managing and operating its Dilston Castle and Chapel Heritage Centre, near Corbridge, Northumberland and with the Haltwhistle Partnership who have advised and assisted in the Alston Arches Viaduct restoration. Additionally in 2008, the Killhope-Nenthead Partnership was formed, this focuses on information sharing and identifying opportunities for the two sites to work collaboratively, where it would be mutually beneficial to do so.

In relation to the geographical area of influence of the Trust, across the 3 counties of Cumbria, Northumberland and Co. Durham, we liaise with both the North East and North West offices for organisations such as Heritage Lottery, English Heritage, Tourism Partnerships (Cumbria Tourism and Northumberland Tourism) and the Regional Development Agencies.

Risk Management

Major risks envisaged by the Trust have been reviewed and assistance has been established to mitigate those risks to enable continuous quality improvements at every level of the Trust's work. Risk Management forms an integral element of every new project initiated and regular reports are made to the Trustees.

Objectives

In setting the objectives and planning the activities of the Trust, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The objectives of the charity are "to advance the education of the public concerning and permanently to preserve for the benefit of the public generally and especially for the inhabitants of the North Pennines in the counties of Cumbria, Durham and Northumberland, historic monuments and structures and generally to protect, preserve and maintain the character and amenities of these heritage monuments."

The North Pennines area contains many listed buildings and scheduled ancient monuments. In collaboration with national statutory organisations, local government authorities, land and building owners, the Trust identifies important sites in need of conservation and interpretation, including those identified on the English Heritage Monuments at risk. It assembles financial packages and either carries out the work by its own labour or by contract. It attempts to direct its spending to local firms to help the local economy. It also publishes booklets on topics of interest and organises events for its members and the public.

The Trust's core purpose continues to be the preservation of the Nenthead Mines site and the employment of paid staff to enable the achievement of that objective.

Activities

The Trust owns Lambley Viaduct, Alston Arches, Cowshill Cemetery Chapel, Nenthead Mill Cottage, a Miners Cottage at Nenthead, and Brewery Shaft. The Trust holds the 200 acre Nenthead Mines site, with eleven buildings, and land on lease from Cumbria County Council. Dilston Castle and Chapel are leased from MENCAP. At Dilston Castle and Chapel, the adjacent trackway and Lord's Bridge are leased from the Allendale Estates. The Trust holds a lease of Augill Smelt Mill from Plantlife.

The Trustees current financial aim is to reduce the reliance on income from public and charitable grant providers. The Trust aims to become self-sustaining and to enable the achievement of the Trust objectives without being dependent upon grant provision. The Trustees recognise that this aim may be difficult to achieve but some progress has been made through the year by developing the work of the Trust's subsidiary company, North Pennines Archaeology Limited and other enterprise opportunities.

NORTH PENNINES HERITAGE TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2009

The Trust also owns subsidiary companies of North Pennines Heritage Limited, and North Pennines Management Services Community Interest Company, both of which ceased trading during the previous year. NPHT's subsidiary trading company, North Pennines Archaeology Ltd continues to grow and is trading very successfully.

Achievements and Performance

During the year 2008-2009 the Trust has completed the phase 2 Historic Dilston Conservation Project, which was funded primarily by a £218,000 grant from Heritage Lottery fund and matched with grants from Charitable Trusts. This work included the installation of a new timber floor for the second floor of the chapel, creating a ceiling for the first floor, which was previously open to the elements. This has opened up new opportunities for the Castle, particularly in terms of holding events to gain income for the Trust. The project also restored the 400 year old Lord's Bridge and created a track from the Castle down to the bridge. The project also included an activities budget which provided new interpretation and site plan and guide book. A significant element of this project was an archaeological dig, which revealed previously unknown history of the site. Volunteers and the public were able to come and get involved in the dig, under the supervision of archaeologists. The archaeological finds are now on display in the Chapel. The official opening is scheduled for 15th July 2009 and will be conducted by a senior member of the Royal Family.

The Trust has continued to operate Nenthead Mines as an educational and interpretive resource. Grant aid from the Heritage Lottery Fund that has enabled the employment of an Education officer and team of two assistants ends in April 2009. Whilst the income earned by the Education Team has increased, there is still a deficit, so an application has been made to the Northern Rock Foundation for support over the next three years.

A major focus for the Development work of the Trust is the Keswick Museum and Art Gallery Enhancement Project. The Trust is in discussion with Allerdale Borough Council about taking over the management of the museum, subject to the success of the Heritage Lottery application for the museum's upgrading and a viable business plan. A stage 1 approval of £1.2 million has been secured from Heritage Lottery and Allerdale Borough Council has also been awarded a Project Development Grant. Through this grant, the Trust has been commissioned to take the lead on developing the stage 2 application which includes procurement of the architect, exhibition designer and main contractor, which has been completed. It is anticipated that the stage 2 submission will be made in the coming months.

The Trust is in receipt of a grant from the Esme Fairbairn Foundation to support the cost of the Business Manager and Development Officer as part of the Rural Community Enterprise Challenge Fund. The grant is for 3 years of £90000 payable in 6 months instalments until the end of December 2010. Part of the programme is to receive mentor support from the Development Trust Association in the form of 6 monthly seminars with the other 6 Trusts in receipt of the grant and individual meetings.

Grants for the Trust's core purposes have also been received during the year from Cumbria County Council, Eden District Council.

Developing volunteering is a priority of the Trust to maintain and increase capacity. In recognition of the contribution volunteers have made to our sites and other work of the Trust, Volunteer Awards were presented at the 2008 AGM.

NORTH PENNINES HERITAGE TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2009

Financial Review

The Education project together with the Dilston Castle and Chapel Phase 2 Project and support from the Esmee Fairbairn Foundation have all made positive contributions to core costs. The Trust obtained additional finance from a new loan taken against 3, The Row, Nenthead and from the sale of the former Chapel of Rest, Burtreeford, Bishop Auckland.

The Trust is reliant on income from major projects and from the trading activities of North Pennines Archaeology Limited, a wholly owned subsidiary.

Reserves Policy

The aim of the Trustees is to retain unrestricted reserves equivalent to one year's core costs. In the year ended 31 March 2009 this equated to approximately £135,000. Unrestricted "free" reserves at 31 March 2009 were £(14,506) (2008 – £2,986).

Investment Policy

Investments are held for specific needs only. The main investments held by the charity are the Lambley Endowment Fund, the Alston Arches Fund and two investment properties.

Strategy Review

North Pennines Heritage Trust has completed its first year under the re-structuring which saw the creation of the Business Manager and Trust Development Officer posts.

These posts have worked to uphold the vision statement adopted by the Trust at the time of the Strategic Review:

“To see the Trust running as a financially sustainable organisation allowing us to continue our work of preservation and education in the North Pennines, in particular at Nenthead, and to be an exemplary heritage trust in the region.”

This is supported by the three main priorities:

- Financial sustainability
- Preservation and education in the North Pennines
- Becoming an exemplary heritage trust

Building upon this, a 3 year Trust Strategic Plan was written in December 2008, this will be reviewed later in 2009.

Plans for the Future

The overall aim is to ensure financial sustainability for the Trust. Planned projects or enterprises must be reviewed to ensure we follow those that will generate income with the least initial cost. The business case for the proposed affordable housing project is therefore under scrutiny.

Developing enterprise at both Dilston Castle and Nenthead Mines is a priority for the Trust and a Planning Day, facilitated by Business Link, including the Senior Staff and all thirteen Trustees took place in February 2009. The enterprises that the Trust has agreed to focus on developing during 2009 include weddings and/ or events at Dilston and the conversion of Mill Cottage on the Nenthead site into a holiday cottage. Taking forward publishing is also a planned enterprise.

NORTH PENNINES HERITAGE TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2009

The acquisition of Keswick Museum and Art Gallery is dependent upon a successful stage 2 application to Heritage Lottery. This will require match funding to be in place, a satisfactory management plan and a viable business plan. The indications are that a long-term dowry will be required from Allerdale Borough Council to ensure that the Trust's financial interests are protected.

The Trust has been working with a group in Corbridge who are keen to develop trails to link up the historic village with Dilston Castle and the Roman site of Corstopitum by upgrading existing paths along the North and South Banks of the River Tyne and spur paths to the sites. Through contacts within this group, from Corbridge Village Trust, NPHT has been advised that the Tyne and Wear Building Preservation Trust are looking for an organisation to take on the lease of 19th Century bottle kilns in Corbridge. While this is of interest, it is not financially feasible in its own right. Adjacent to the kilns, there are buildings associated with the former pottery industry which could potentially be restored and converted into modern day units for potters or people with arts and crafts businesses. Early discussions are taking place with the owner of the site and with the Architectural Heritage Fund who could potentially provide a grant for an options appraisal.

The Archaeological Summer School successes of previous years will be projected into 2009. A number of work weekends for members (volunteers) have been held to assist with the ongoing maintenance of the Nenthead site to encourage members to establish greater involvement with the work of the Trust. Additionally, volunteers from Friends of Historic Dilston continued to work every week on the archaeological aspect of the Castle. A priority for the Trust is to develop volunteering and therefore increasing capacity.

Education Report

The Education Project has been part financed by a grant from the Heritage Lottery Fund which began in April 2004 and ended in March 2009. The funds from this grant has also allowed us to enhance the interpretation at Nenthead by working to introduce touch screen replacements for the old video wall screens, create a new audio visual display area and, with additional funds from the North Pennines ANOB Partnership, enhance the geological interpretation.

From April 2009 the Education Service has to be sustainable from its earned income and is working to achieve this. A further grant application has been made to the Northern Rock Foundation to support development of informal learning programmes.

In the past year we have:-

- Worked with 6500 students and nearly 200 schools, colleges and universities.
- Arranged visits specifically for Foundation and Key Stage 1 pupils at Dilston and Nenthead working with 1500 pupils.
- Worked with the NP Archaeology Company to organise our fourth annual Archaeology Summer School attracting university students and local volunteers.
- Continue to deliver 50% of our work with schools that we had worked with previously.

New programmes and educational workshops have been added to the list of what we are able to offer

- A Geology based fossil study programme
- An Alternative Energy workshop, based on waterpower
- A Spring - Nature based workshop

There has been an increase in the number of secondary schools and further and higher education establishments that have made use of our services.

NORTH PENNINES HERITAGE TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2009

This year the Heritage Centre Assistants at Nenthead, after some initial training, have joined the dedicated education staff in the delivery of educational programmes at Nenthead Mines giving us a greater flexibility in the range of services that we can offer.

A series of very successful events have been organised from drop-in events for the general public to specialist weekend courses. These informal learning programmes will be further developed.

We have developed strong links with museums, libraries and visitor attractions in north and east Cumbria and now act as the accountable body for an MLA funded learning network in this region. This has allowed us access to greater training opportunities and enabled us to participate in wider cultural learning programmes.

Volunteer Time

The Trust has made significant use of volunteer's during the year and their donated time has not been valued and included within the financial statements. The Trust has the capacity to significantly increase the utilisation of volunteer time in future years.

CONCLUSION

Finally, as always I thank our many funders, donors and partners for their support, our directors and volunteers, who gave their time and expertise freely to the organisation, and to the staff who have, as always, responded to the many challenges in promoting the North Pennines Heritage Trust in becoming an exemplar Heritage Trust.

THE TRUSTEES

The trustees who served the charity during the period were as follows:

Mr H James F.R.I.C.S., F.A.P.M. – Chairman
Mr E K G Hughes – Vice Chairman
Dr J K Almond A.R.S.M., Ph.D., M.Ed., M.I.M.M., C.Eng.
Mr D Armstrong
Mrs S Barker
Mr D Futers Bsc MinstSCE
Mr J R Hall
Mr P Jackson B.A.
Mrs J Jackson
Mr G D Scorer
Dr F W Smith C Eng
Mr C Wilkinson
Mr C Stirling

Appointed 8th November 2008

Election/appointment of trustees

The trustees are elected by the members at the AGM for a period of three years after which time they can be re-elected. The Board can co-opt trustees to fill empty places until the next AGM when they must be elected.

NORTH PENNINES HERITAGE TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2009

TRUSTEES' RESPONSIBILITIES

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity at the end of the year and of the incoming and outgoing resources for the year then ended.

In preparing those financial statements, the trustees are required to select suitable accounting policies and then apply them consistently, making judgements and estimates that are reasonable and prudent. The trustees must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 1985. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

A resolution to re-appoint Allen Sykes Ltd as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
Nenthead Mines Heritage Centre
Nenthead
Alston
Cumbria
CA9 3PD

Signed by order of the trustees

Approved by the trustees on 20th January 2010

MR H JAMES F.R.I.C.S., F.A.P.M.
Chairman

**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH
PENNINES HERITAGE TRUST**

YEAR ENDED 31 MARCH 2009

We have audited the Consolidated financial statements on pages 12 to 37 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 17 to 19.

This report is made solely to the charity's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND THE AUDITORS

The trustees' (who also act as Directors for the charitable activities of the company) responsibilities for preparing the Trustees Annual Report and the Consolidated financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities on page 8.

Our responsibility is to audit the Consolidated financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Consolidated financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion, the information given in the Trustees Annual Report is consistent with the Consolidated financial statements.

In addition we report to you if, in our opinion the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Consolidated financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the Consolidated financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Consolidated financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Consolidated financial statements.

**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH
PENNINES HERITAGE TRUST *(continued)***

YEAR ENDED 31 MARCH 2009

OPINION

In our opinion:

the consolidated financial statements give a true and fair view of the group's and charity's state of affairs as at 31 March 2009 and of the group's resources and application of resources in the year then ended;

the consolidated financial statements have been properly prepared in accordance with the Companies Act 1985;

the information given in the Trustees' Annual Report is consistent with the financial statements.

EMPHASIS OF MATTER

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group's ability to continue as a going concern. The group generated a significant deficit in the year ended 31 March 2009 and has significant resulting cash flow problems. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. However, in order to address this matter the group plans to implement an action plan to sell a property with a net book value of £94,000 at 31 March 2009 and to obtain a mortgage against another property with a net book value of £212,000 at 31 March 2009.

Allen Sykes Ltd
Chartered Accountants
& Registered Auditors
5 Henson Close
South Church Enterprise Park
Bishop Auckland
County Durham
DL14 6WA

22nd January 2010

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**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE**

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 MARCH 2009

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2009 £	Total Funds 2008 £
INCOMING RESOURCES						
Incoming resources from generating funds:						
Voluntary income	3	23,901	–	–	23,901	30,308
Activities for generating funds	4	537,008	–	–	537,008	384,002
Investment income	5	8,526	–	6,175	14,701	13,205
Incoming resources from charitable activities						
	6	64,472	302,486	–	366,958	362,571
Other incoming resources	7	1,696	–	–	1,696	5,302
TOTAL INCOMING RESOURCES		635,603	302,486	6,175	944,264	795,388
RESOURCES EXPENDED						
Costs of generating funds:						
Costs of generating voluntary income	8	(798)	–	–	(798)	(425)
Costs of activities for generating funds	8	(478,122)	(59,876)	–	(537,998)	(563,672)
Investment management costs	9	–	–	–	–	(222)
Charitable activities	10	(195,925)	(267,796)	–	(463,721)	(306,386)
Governance costs	11	(28,587)	–	–	(28,587)	(50,273)
Other resources expended	12	(15,000)	–	–	(15,000)	–
TOTAL RESOURCES EXPENDED		(718,432)	(327,672)	–	(1,046,104)	(920,978)
NET INCOMING/ (OUTGOING) RESOURCES BEFORE TRANSFERS						
		(82,829)	(25,186)	6,175	(101,840)	(125,590)
Transfer between funds	15	19,139	(17,685)	(1,454)	–	–
NET INCOMING/ (OUTGOING) RESOURCES FOR THE YEAR		(63,690)	(42,871)	4,721	(101,840)	(125,590)
Carried forward		(63,690)	(42,871)	4,721	(101,840)	(125,590)

The notes on pages 17 to 37 form part of these Consolidated financial statements.

**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE**

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES *(continued)*

YEAR ENDED 31 MARCH 2009

Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2009 £	Total Funds 2008 £
Brought forward	(63,690)	(42,871)	4,721	(101,840)	(125,590)
OTHER RECOGNISED GAINS AND LOSSES					
Unrealised (losses)/gains on investments	—	—	(32,241)	(32,241)	(5,211)
Net movement in funds relating to the year	(63,690)	(42,871)	(27,520)	(134,081)	(130,801)
RECONCILIATION OF FUNDS					
Total funds brought forward	<u>208,935</u>	<u>545,988</u>	<u>184,080</u>	<u>939,003</u>	<u>1,069,804</u>
TOTAL FUNDS CARRIED FORWARD	<u><u>145,245</u></u>	<u><u>503,117</u></u>	<u><u>156,560</u></u>	<u><u>804,922</u></u>	<u><u>939,003</u></u>

The Consolidated Statement of Financial Activities incorporates the Statement of Total
Recognised Gains and Losses required by FRS 3.

SUMMARY OF RESULTS OF THE PARENT CHARITY

	2009 £	2008 £
TOTAL INCOMING RESOURCES	456,850	434,598
TOTAL RESOURCES EXPENDED	(568,772)	(554,708)
OPERATING SURPLUS/(DEFICIT)	<u>(111,922)</u>	<u>(120,110)</u>

The notes on pages 17 to 37 form part of these Consolidated financial statements.

**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE**

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES *(continued)*

YEAR ENDED 31 MARCH 2009

Included in the figures above are the following figures relating to discontinued activities:

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2009 £
INCOMING RESOURCES				
Incoming resources from generating funds:				
Activities for generating funds	9,005	–	–	9,005
Investment income	32	–	–	32
TOTAL INCOMING RESOURCES	<u>9,037</u>	<u>–</u>	<u>–</u>	<u>9,037</u>
RESOURCES EXPENDED				
Costs of generating funds:				
Costs of activities for generating funds	(166)	–	–	(166)
TOTAL RESOURCES EXPENDED	<u>(166)</u>	<u>–</u>	<u>–</u>	<u>(166)</u>
NET INCOMING RESOURCES	<u>8,871</u>	<u>–</u>	<u>–</u>	<u>8,871</u>

The notes on pages 17 to 37 form part of these Consolidated financial statements.

**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE**

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2009

	Note	2009 £	2008 £
INCOME		944,264	795,388
TOTAL EXPENDITURE		(1,046,104)	(920,978)
OPERATING SURPLUS/(DEFICIT)	14	(101,840)	(125,590)
NET RETAINED SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR		<u>(101,840)</u>	<u>(125,590)</u>

The notes on pages 17 to 37 form part of these Consolidated financial statements.

**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE**

CONSOLIDATED AND CHARITY BALANCE SHEETS

31 MARCH 2009

		Group		Charity	
Note	2009	2008	2009	2008	
	£	£	£	£	£
FIXED ASSETS					
Tangible assets	18	359,150	414,772	337,738	390,126
Investments	19	428,049	455,630	428,052	455,633
		787,199	870,402	765,790	845,759
CURRENT ASSETS					
Stocks	20	9,790	21,009	9,790	21,009
Debtors *	21	261,352	212,250	226,215	183,843
Cash at bank and in hand		60,785	43,435	54,952	33,221
		331,927	276,694	290,957	238,073
CREDITORS: Amounts falling due within one year	22	(249,347)	(208,093)	(203,181)	(150,960)
NET CURRENT ASSETS		82,580	68,601	87,776	87,113
TOTAL ASSETS LESS CURRENT LIABILITIES					
		869,779	939,003	853,566	932,872
CREDITORS: Amounts falling due after more than one year	23	(64,857)	–	(64,857)	–
NET ASSETS		804,922	939,003	788,709	932,872

* Included in Charity Debtors is £58,790 due after more than one year (2008 - £Nil).

FUNDS

Unrestricted:					
Designated funds	25	159,751	205,949	143,539	199,819
Other charitable funds		(14,506)	2,986	(14,507)	2,985
Restricted	26	503,117	545,988	503,117	545,988
Endowment	28	156,560	184,080	156,560	184,080
TOTAL FUNDS		804,922	939,003	788,709	932,872

These Consolidated financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These Consolidated financial statements were approved by the members of the committee on the 20th January 2010 and are signed on their behalf by:

.....
H JAMES
Chairman

.....
E K G HUGHES
Vice Chairman

The notes on pages 17 to 37 form part of these Consolidated financial statements.

NORTH PENNINES HERITAGE TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES

Basis of accounting

The Consolidated financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) and the Companies Act 1985.

The financial statements have been prepared on the going concern basis. The group generated a significant deficit in the year ended 31 March 2009 and has significant resulting cash flow problems. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. However, in order to address this matter the group plans to implement an action plan to sell a property with a net book value of £94,000 at 31 March 2009 and to obtain a mortgage against another property with a net book value of £212,000 at 31 March 2009. Therefore, providing that these plans are implemented, the trustees believe the going concern basis to be appropriate.

Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiaries, North Pennines Archaeology Limited, North Pennines Heritage Trust Limited and North Pennines Management Services Community Interest Company on a line by line basis. A separate Statement of Financial Activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 230 of the Companies Act 1985 and paragraph 397 of SORP 2005.

Cash flow statement

The trustees have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the Consolidated financial statements on the grounds that the charity is small.

Income

All grants and voluntary income are accounted for when receivable, as long as they are capable of financial measurement.

Income from grants including capital grants, is included in incoming resources when receivable.

When donors specify that grants are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources, of restricted funds when receivable.

Income from activities for generating funds is included when earned.

Income from charitable activities is included on a receivable basis.

Commercial trading activities

Income from commercial activities is included in the period in which the group is entitled to receipt.

Investment income

Investment income is accounted for on a receivable basis.

NORTH PENNINES HERITAGE TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

Expenditure

Resources expended are included in the statement of financial activities on an accruals basis, inclusive of any VAT which cannot be recovered.

Costs of generating funds comprises the costs of generating income in the subsidiary trading companies and other costs of raising funds.

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

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity.

Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of time spent by staff on those activities.

Fund accounting

Unrestricted funds comprise those funds which can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

The **endowment fund** represents those assets which must be held permanently by the charity, principally investments. Any capital gains or losses arising on the investments form part of the fund.

Designated funds are unrestricted funds which have been set aside by the trustees for specific future purposes.

Investments

All investments are stated at market value.

Fixed assets

Land and buildings

Land and buildings owned by, or in the guardianship of the trust are treated as fixed assets in accordance with SORP 2005 and are classified as either:

Functional assets: Assets used by the trust to carry out the charity's activities;

Heritage assets: Assets of historical importance held to advance the preservation of objectives of the trust and, through public access, contribute to the nation's culture and education;

Assets under construction: Expenditure on the creation or enhancement of assets not brought into use at the balance sheet date;

NORTH PENNINES HERITAGE TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

Investment property: Assets held for investment potential, any rental income being negotiated on an arm's length basis.

Functional assets are shown on the balance sheet at cost less depreciation.

Pure heritage land and buildings held by the trust, in pursuit of its overall objectives in relation to the enjoyment and preservation of the heritage, are included in fixed assets on the balance sheet where a reliable valuation is possible; otherwise they are not treated as fixed assets. Expenditure on these assets, where it does not result in the creation of a new operational heritage asset, is charged to the income and expenditure account as it is incurred.

Where heritage assets are capitalised, they are not depreciated as the length of their useful economic life is such that depreciation is not considered to be material.

Mixed use buildings are classified according to the majority use.

Assets under construction are shown on the balance sheet at cost. They are not depreciated until they are brought into use.

Investment property is shown on the balance sheet at market value and is not depreciated.

Motor vehicles and equipment

Motor vehicles and equipment are initially recorded at cost.

Depreciation

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

Equipment	: 20% per annum reducing balance
Assets under construction	: Not depreciated until in use
Motor Vehicles	: 20% per annum reducing balance
Functional buildings	: Over 50 years straight line
Heritage assets	: Not depreciated

Stocks

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

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

2. LEGAL STATUS OF THE CHARITY

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding-up is limited to £1.

**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

3. VOLUNTARY INCOME

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2009 £	Total Funds 2008 £
Donations	56	–	–	56	1,626
<i>Core grants</i>					
Eden District Council	4,000	–	–	4,000	4,450
Cumbria County Council	12,875	–	–	12,875	12,500
AONB	–	–	–	–	1,067
Membership income	5,420	–	–	5,420	4,764
Other	1,550	–	–	1,550	5,901
	<u>23,901</u>	<u>–</u>	<u>–</u>	<u>23,901</u>	<u>30,308</u>

4. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2009 £	Total Funds 2008 £
North Pennines Archaeology income	528,003	–	–	528,003	354,775
North Pennines Management Services income	9,005	–	–	9,005	4,749
North Pennines Heritage income	–	–	–	–	24,478
	<u>537,008</u>	<u>–</u>	<u>–</u>	<u>537,008</u>	<u>384,002</u>

5. INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2009 £	Total Funds 2008 £
Rental income	8,279	–	–	8,279	4,660
Bank interest receivable	247	–	1,515	1,762	3,576
Dividend income	–	–	4,660	4,660	4,969
	<u>8,526</u>	<u>–</u>	<u>6,175</u>	<u>14,701</u>	<u>13,205</u>

**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2009 £	Total Funds 2008 £
Restoration of Alston Arches	–	–	–	–	–
Preservation of and public access to the Nenthead Mines site	39,705	33,454	–	73,159	120,093
Preservation of and public access to Dilston Castle	–	190,377	–	190,377	23,437
Educating about the North Pennines	24,767	56,443	–	81,210	74,454
Helping Social Enterprise in Cumbria	–	–	–	–	130,095
Other charitable activities	–	22,212	–	22,212	14,492
	64,472	302,486	–	366,958	362,571

	Preservation of and public access to the Nenthead Mines site	Preservation of and public access to Dilston Castle	Educating about the North Pennines	Other charitable activities	Total Funds 2009 £	Total Funds 2008 £
Grants & contracts						
Heritage Lottery North West	–	177,078	56,443	–	233,521	102,262
Development Agency Charles Hayward	–	–	–	–	–	130,095
Sir James Knott Trust	–	–	–	–	–	20,000
Esmee Fairbairn Foundation	30,000	–	–	–	30,000	7,500
Other grants	3,454	13,299	–	22,212	38,965	15,000
	33,454	190,377	56,443	22,212	302,486	283,857
Other Income						
Education income	–	–	24,767	–	24,767	23,485
Membership income	99	–	–	–	99	274
Bunkhouse income	7,483	–	–	–	7,483	5,702
Admissions	15,187	–	–	–	15,187	16,902
Shop and café income	16,103	–	–	–	16,103	16,815
Other	833	–	–	–	833	15,536
	73,159	190,377	81,210	22,212	366,958	362,571

**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

7. OTHER INCOMING RESOURCES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2009 £	Total Funds 2008 £
Other income	1,696	–	–	1,696	5,281
Profit on disposals	–	–	–	–	21
	<u>1,696</u>	<u>–</u>	<u>–</u>	<u>1,696</u>	<u>5,302</u>

8. COSTS OF GENERATING FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2009 £	Total Funds 2008 £
Membership costs	798	–	–	798	425
Subsidiary company costs	478,122	59,876	–	537,998	563,672
	<u>478,920</u>	<u>59,876</u>	<u>–</u>	<u>538,796</u>	<u>564,097</u>

9. INVESTMENT MANAGEMENT COSTS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2009 £	Total Funds 2008 £
Investment property costs	–	–	–	–	222
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>222</u>

**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

10. COSTS OF CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2009 £	Total Funds 2008 £
Restoration of Alston Arches	–	2,762	–	2,762	500
Preservation of and public access to the Nenthead Mines site	89,544	30,689	–	120,233	102,882
Preservation of and public access to Dilston Castle	–	156,448	–	156,448	3,613
Educating about the North Pennines	5,370	51,101	–	56,471	78,517
Helping Social Enterprise in Cumbria	–	–	–	–	2,615
Other charitable activities	–	20,075	–	20,075	208
Support costs	101,011	6,721	–	107,732	118,051
	<u>195,925</u>	<u>267,796</u>	<u>–</u>	<u>463,721</u>	<u>306,386</u>

	Activities undertaken directly £	Support costs £	Total Funds 2009 £	Total Funds 2008 £
Restoration of Alston Arches	2,762	715	3,477	813
Preservation of and public access to the Nenthead Mines site	120,233	31,293	151,526	167,370
Preservation of and public access to Dilston Castle	156,448	54,006	210,454	5,878
Educating about the North Pennines	56,471	15,222	71,693	127,733
Helping Social Enterprise in Cumbria	–	–	–	4,254
Other charitable activities	20,075	6,496	26,571	338
	<u>355,989</u>	<u>107,732</u>	<u>463,721</u>	<u>306,386</u>

Where possible, support costs have been allocated to activities directly. Where this has not been possible support costs have been allocated to activities on a percentage basis, based on their individual proportions of total direct activity costs.

**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

11. GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2009 £	Total Funds 2008 £
Audit fees	12,750	–	–	12,750	12,325
Legal and professional	14,521	–	–	14,521	15,082
Redundancy costs	–	–	–	–	930
Trustees expenses	1,316	–	–	1,316	–
Diminution in value of property	–	–	–	–	21,936
	<u>28,587</u>	<u>–</u>	<u>–</u>	<u>28,587</u>	<u>50,273</u>

12. OTHER RESOURCES EXPENDED

	Unrestricted Funds £	Total Funds 2009 £	Total Funds 2008 £
Losses on disposal of tangible fixed assets for charity's own use	<u>15,000</u>	<u>15,000</u>	<u>–</u>

13. ANALYSIS OF SUPPORT COSTS

	Restoration of Alston Arches £	Preservation of and public access to the Nenthead Mines site £	Preservation of and public access to Dillston Castle £	Educating about the North Pennines £	Helping Social Enterprise in Cumbria £	Total 2009 £	Total 2008 £
Staff costs	188	8,217	14,183	3,997	1,705	28,290	64,777
Premises expenses	245	10,712	18,486	5,210	2,224	36,877	28,643
Office costs	105	4,602	7,942	2,239	955	15,843	12,652
Depreciation	69	3,004	5,184	1,461	624	10,342	8,981
Bank charges & interest	47	2,068	3,568	1,006	429	7,118	2,998
Other costs	61	2,690	4,643	1,309	559	9,262	–
	<u>715</u>	<u>31,293</u>	<u>54,006</u>	<u>15,222</u>	<u>6,496</u>	<u>107,732</u>	<u>118,051</u>

**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

14. OPERATING SURPLUS/(DEFICIT)

Operating surplus/(deficit) before transfers is stated after charging:

	2009	2008
	£	£
Depreciation	14,603	13,596
Loss on disposal of fixed assets	16,219	–
Auditors' fees	16,250	12,325
Operating lease rentals:		
Plant & machinery	<u>5,890</u>	<u>2,308</u>

15. FUND TRANSFERS

Fund transfers are made to clear off any balances remaining on restricted funds income received retrospectively. The transfers may have arisen due to management charges built into the funding or where expenditure has been incurred by the Trust through its normal transactions and has not been categorised as restricted in purpose. Where restricted funds income only covers a certain percentage of the relevant expenditure, the remaining expenditure has been transferred back against unrestricted funds. Therefore, the transfers have been made in order to accurately reflect the balances to be carried forward within restricted and endowment funds.

16. STAFF COSTS AND EMOLUMENTS

The aggregate payroll costs were:

	2009	2008
	£	£
Wages and salaries	552,069	444,347
Social security costs	46,022	34,651
	<u>598,091</u>	<u>478,998</u>

No employee earned more than £60,000 per annum (2008 – none).

Trustees' expenses amounted to £1,316 during the year (2008 - £171). No trustee received any remuneration (2008 - £Nil).

Particulars of employees:

The average number of staff employed by the group during the financial year amounted to:

	2009	2008
	No	No
Number of administrative staff	1	1
Number of management staff	3	3
Number of project staff	34	23
	<u>38</u>	<u>27</u>

**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

17. COMMERCIAL TRADING OPERATIONS AND INVESTMENT IN TRADING SUBSIDIARIES

The three wholly-owned trading subsidiaries, North Pennines Archaeology Limited, North Pennines Heritage Limited and North Pennines Management Services Community Interest Company, pay the majority of their profits to the parent charity by gift aid.

North Pennines Archaeology Limited carries on the work of the Archaeological Unit which involves carrying out archaeological surveys and briefs. The charity owns the entire issued share capital of 1 ordinary £1 share. A summary of the trading results is shown below.

	2009	2008
	£	£
Turnover	556,839	377,545
Cost of sales	(471,736)	(332,704)
Gross profit	85,103	44,841
Administrative expenses	(105,237)	(60,395)
Operating loss	(20,134)	(15,554)
Other operating income	31,830	15,000
Interest payable	(1,578)	(1,026)
Interest receivable	94	350
Net profit/(loss)	10,212	(1,230)
Amount covenanted to charity	(94)	-
Retained in subsidiary	10,118	(1,230)
The assets and liabilities of the subsidiary were:		
Fixed assets	21,412	24,646
Current assets	154,883	136,212
Creditors due within one year	(105,748)	(159,219)
Net current assets/(liabilities)	49,135	(23,007)
Creditors due after more than one year	(58,790)	-
Net assets	11,757	1,639
Share capital	1	1
Reserves	11,756	1,638
	11,757	1,639

**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

North Pennines Heritage Limited did not trade during the year. The charity owns the entire issued share capital of 1 ordinary £1 share. North Pennines Heritage Limited ceased trading in October 2007. A summary of the results is shown below.

	2009	2008
	£	£
Turnover	-	29,699
Cost of sales	-	(37,133)
Gross (loss)/profit	-	(7,434)
Administrative expenses	(42)	(9,801)
Operating (loss)	(42)	(17,235)
Other operating income	-	13,370
Interest receivable	6	33
Interest payable	-	(95)
Net (loss) / profit	(36)	(3,927)
Amount covenanted to charity	-	(323)
Retained in subsidiary	-	(4,250)

The assets and liabilities of the subsidiary were:

Current assets	13,027	14,590
Creditors due within one year	(10,173)	(11,700)
Net assets	<u>2,854</u>	<u>2,890</u>
Share capital	1	1
Reserves	<u>2,853</u>	<u>2,889</u>
	<u>2,854</u>	<u>2,890</u>

**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

North Pennines Management Services Community Interest Company did not trade during the year. The charity owns the entire issued share capital of 1 ordinary £1 share. North Pennines Management Services Community Interest Company ceased trading in December 2007. A summary of the results is shown below.

	2009	2008
	£	£
Turnover	-	159,732
Cost of sales	-	(131,403)
Gross profit	<u>-</u>	<u>28,329</u>
Administrative expenses	(111)	(24,680)
Operating (loss)/profit	(111)	3,649
Other operating income	9,005	-
Interest payable	(13)	(583)
Interest receivable	26	82
Net profit	<u>8,907</u>	<u>3,148</u>
Amount covenanted to charity	(8,907)	(3,148)
Retained in subsidiary	<u>-</u>	<u>-</u>
The assets and liabilities of the subsidiary were:		
Current assets	28,723	45,360
Creditors due within one year	(27,120)	(43,757)
Net assets	<u>1,603</u>	<u>1,603</u>
Share capital	1	1
Reserves	<u>1,602</u>	<u>1,602</u>
	<u>1,603</u>	<u>1,603</u>

**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

18a. TANGIBLE FIXED ASSETS - GROUP

	Freehold property & Heritage assets £	Equipment £	Motor vehicles £	Leasehold property £	Total £
COST					
At 1 Apr 2008	65,417	63,094	6,795	363,919	499,225
Additions	–	8,700	1,500	–	10,200
Disposals	(50,000)	–	(1,500)	–	(51,500)
At 31 Mar 2009	<u>15,417</u>	<u>71,794</u>	<u>6,795</u>	<u>363,919</u>	<u>457,925</u>
DEPRECIATION					
At 1 Apr 2008	705	30,144	2,336	51,268	84,453
Charge for the year	235	5,818	1,272	7,278	14,603
Elim on disposals	–	–	(281)	–	(281)
At 31 Mar 2009	<u>940</u>	<u>35,962</u>	<u>3,327</u>	<u>58,546</u>	<u>98,775</u>
NET BOOK VALUE					
At 31 Mar 2009	<u>14,477</u>	<u>35,832</u>	<u>3,468</u>	<u>305,373</u>	<u>359,150</u>
At 31 Mar 2008	<u>64,712</u>	<u>32,950</u>	<u>4,459</u>	<u>312,651</u>	<u>414,772</u>

**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

18b. TANGIBLE FIXED ASSETS – CHARITY

	Heritage assets £	Equipment £	Motor vehicles £	Freehold Property £	Leasehold property £	Total £
COST						
At 1 Apr 2008	13,064	36,455	1,800	50,000	363,919	465,238
Additions	–	7,954	–	–	–	7,954
Disposals	–	–	–	(50,000)	–	(50,000)
At 31 Mar 2009	<u>13,064</u>	<u>44,409</u>	<u>1,800</u>	<u>–</u>	<u>363,919</u>	<u>423,192</u>
DEPRECIATION						
At 1 Apr 2008	–	23,694	150	–	51,268	75,112
Charge for the year	–	2,734	330	–	7,278	10,342
Elim on disposals	–	–	–	–	–	–
At 31 Mar 2009	<u>–</u>	<u>26,428</u>	<u>480</u>	<u>–</u>	<u>58,546</u>	<u>85,454</u>
NET BOOK VALUE						
At 31 Mar 2009	<u>13,064</u>	<u>17,981</u>	<u>1,320</u>	<u>–</u>	<u>305,373</u>	<u>337,738</u>
At 31 Mar 2008	<u>13,064</u>	<u>12,761</u>	<u>1,650</u>	<u>50,000</u>	<u>312,651</u>	<u>390,126</u>

Heritage Assets not included on the balance sheet

The following heritage assets are not included on the balance sheet:

Lambley Viaduct	Restored railway viaduct
Alston Arches	Restored railway viaduct
Augill Smeltpmill	Ruined smeltpmill complex
Dilston Castle & Chapel	Restored castle & chapel
Nenthead Mines Site	200 acres of spoil heaps, ruins, waterways and tracks

The Nenthead Mines Site is a Scheduled Ancient Monument and Site of Special Scientific Interest.

All of the above are assets of historic importance held to advance the preservation objectives of the Trust and through public access contribute to the nation's culture and education.

All the above assets were donated to the Trust and reliable cost information is unavailable. In addition no reliable valuations are possible as such assets are rarely sold on the open market.

The Trust maintains the assets in their current states and expenditure on them is charged to the income and expenditure account as incurred.

**NORTH PENNINES HERITAGE TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

19. INVESTMENTS

Movement in market value

	Group		Charity	
	2009	2008	2009	2008
	£	£	£	£
Market value at 1 April 2008	455,630	465,872	455,633	465,875
Acquisitions at cost	4,660	4,969	4,660	4,969
Disposals at opening value	–	(10,000)	–	(10,000)
Net gains on revaluations	–	–	–	–
Amounts written off in the year ended 31 March 2009	(32,241)	(5,211)	(32,241)	(5,211)
Market value at 31 March 2009	<u>428,049</u>	<u>455,630</u>	<u>428,052</u>	<u>455,633</u>
Historical cost at 31 March 2009	<u>193,932</u>	<u>189,272</u>	<u>193,935</u>	<u>189,275</u>

Analysis of investments at 31 March 2009 between funds - Group

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2009 £	Total Funds 2008 £
Listed investments					
Lambley Endowment Fund	–	–	97,613	97,613	117,470
Alston Arches Endowment Fund	–	–	24,435	24,435	32,159
	<u>–</u>	<u>–</u>	<u>122,048</u>	<u>122,048</u>	<u>149,629</u>
Other					
Investment property	94,000	212,000	–	306,000	306,000
Other UK investments	1	–	–	1	1
	<u>94,001</u>	<u>212,000</u>	<u>–</u>	<u>306,001</u>	<u>306,001</u>
	<u>94,001</u>	<u>212,000</u>	<u>122,048</u>	<u>428,049</u>	<u>455,630</u>

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19. INVESTMENTS *(continued)*

Analysis of investments at 31 Mar 2009 between funds – Charity

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2009 £	Total Funds 2008 £
Listed investments					
Lambley Endowment Fund	–	–	97,613	97,613	117,470
Alston Arches Endowment Fund	–	–	24,435	24,435	32,159
	<u>–</u>	<u>–</u>	<u>122,048</u>	<u>122,048</u>	<u>149,629</u>
Other					
Investment property	94,000	212,000	–	306,000	306,000
Shares in UK subsidiary undertaking	3	–	–	3	3
Other UK investments	1	–	–	1	1
	<u>94,004</u>	<u>212,000</u>	<u>–</u>	<u>306,004</u>	<u>306,004</u>
	<u><u>94,004</u></u>	<u><u>212,000</u></u>	<u><u>122,048</u></u>	<u><u>428,052</u></u>	<u><u>455,633</u></u>

The investment in UK quoted shares consists of the Lambley Endowment Fund which is invested in Charishare and Charinco Accumulation Funds, and 50% of the Alston Arches Endowment Fund which is invested in a COIF Charities Investment Accumulation Fund.

Listed investments

Listed investments having a net book value of £122,048 (2008 - £149,629) are held by the charity and had a market value of £122,048 at the end of the year (2008 - £149,629).

20. STOCKS

	Group		Charity	
	2009	2008	2009	2008
	£	£	£	£
Stock	<u><u>9,790</u></u>	<u><u>21,009</u></u>	<u><u>9,790</u></u>	<u><u>21,009</u></u>

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21. DEBTORS

	Group		Charity	
	2009	2008	2009	2008
	£	£	£	£
Trade debtors	151,525	133,533	11,679	15,976
Amounts owed by group undertakings	–	–	104,709	90,911
Other debtors	109,827	78,717	109,827	76,956
	<u>261,352</u>	<u>212,250</u>	<u>226,215</u>	<u>183,843</u>

Included in amounts owed by group undertakings is £58,790 (2008 £Nil) due after more than one year.

22. CREDITORS: Amounts falling due within one year

	Group		Charity	
	2009	2008	2009	2008
	£	£	£	£
Bank loans and overdrafts	16,942	42,200	16,762	35,768
Trade creditors	103,666	78,728	89,025	34,274
Amounts owed to group undertakings	–	–	40,973	56,649
VAT	59,460	43,202	–	–
Taxation and social security	16,703	24,647	7,606	9,953
Other creditors	2,261	74	2,000	74
Accruals and deferred income	50,315	19,242	46,815	14,242
	<u>249,347</u>	<u>208,093</u>	<u>203,181</u>	<u>150,960</u>

The charity's bank loan is secured against the investment property held at 3 The Row, Nenthead.

23. CREDITORS: Amounts falling due after more than one year

	Group		Charity	
	2009	2008	2009	2008
	£	£	£	£
Bank loans and overdrafts	64,857	–	64,857	–

The charity's bank loan is secured against the investment property held at 3 The Row, Nenthead.

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24a. COMMITMENTS UNDER OPERATING LEASES – GROUP

At 31 March 2009 the group had annual commitments under non-cancellable operating leases as set out below.

	Assets other than land and buildings	
	2009	2008
	£	£
Operating leases which expire:		
Within 2 to 5 years	<u>6,400</u>	<u>1,324</u>

24b. COMMITMENTS UNDER OPERATING LEASES – CHARITY

At 31 March 2009 the charity had annual commitments under non-cancellable operating leases as set out below.

	Assets other than land and buildings	
	2009	2008
	£	£
Operating leases which expire:		
Within 2 to 5 years	<u>3,340</u>	<u>1,324</u>

25a. DESIGNATED FUNDS - GROUP

	Balance at 1 Apr 2008	New designations	Utilised/ Released	Movement in resources: Transfers	Balance at 31 Mar 2009
	£	£	£	£	£
Publications	13,527	606	(11,219)	–	2,914
Cowhill chapel	50,000	–	(50,000)	–	–
Other capital assets	42,288	7,954	(3,621)	–	46,621
3 The Row	94,000	–	–	–	94,000
Other investments	1	–	–	–	1
North Pennines Archaeology Limited	1,639	588,763	(578,645)	–	11,757
North Pennines Heritage Limited	2,890	6	(42)	–	2,854
North Pennines Management Services Community Interest Company	1,604	9,031	(9,031)	–	1,604
	<u>205,949</u>	<u>606,360</u>	<u>(652,558)</u>	<u>–</u>	<u>159,751</u>

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23b. DESIGNATED FUNDS - CHARITY

	Balance at 1 Apr 2008	New designations	Utilised/ Released	Movement in resources: Transfers	Balance at 31 Mar 2009
	£	£	£	£	£
Publications	13,527	606	(11,219)	–	2,914
Cowshill chapel	50,000	–	(50,000)	–	–
Other capital assets	42,288	7,954	(3,621)	–	46,621
3 The Row	94,000	–	–	–	94,000
Other investments	4	–	–	–	4
	<u>199,819</u>	<u>8,560</u>	<u>(64,840)</u>	<u>–</u>	<u>143,539</u>

Details of Designated Funds (Group and charity)

Publications	Income from wholesale sales of publications is used to fund further publication costs;
Cowshill chapel	Designated fund holding Cowshill chapel;
Other capital assets	Designated fund holding all other unrestricted capital assets, excluding investments;
3 The Row	Designated fund holding 3 The Row, an investment property;
Other Investments	Designated funds holding other investments;
North Pennines Archaeology Limited	This trading subsidiary carries out archaeological work for commercial customers;
North Pennines Heritage Limited	This trading subsidiary carries out building and maintenance work for commercial customers and for the Trust;
North Pennines Management Services Community Interest Company	This trading subsidiary provides management services to the Trust.

26. RESTRICTED FUNDS – GROUP AND CHARITY

	Balance at 1 Apr 2008	Incoming	Outgoing	Transfers	Balance at 31 Mar 2009
	£	£	£	£	£
Dilston Castle	12,181	190,377	(208,874)	6,316	–
Education Project	–	56,443	(53,501)	(2,942)	–
Lambley Viaduct Maintenance	12,113	–	–	(12,113)	–
Nenthead Mines	297,194	3,454	(7,410)	(14,621)	278,617
Brewery Shaft	12,500	–	–	–	12,500
Mill Cottage	212,000	–	–	–	212,000
Keswick Museum & Art Gallery	–	22,212	(25,125)	2,913	–
Esmee Fairbairn	–	30,000	(30,000)	–	–
Other	–	–	(2,762)	2,762	–
	<u>545,988</u>	<u>302,486</u>	<u>(327,672)</u>	<u>(17,685)</u>	<u>503,117</u>

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Details of Restricted Funds

Dilston Castle	Restoration of Dilston Castle;
Education Project	The creation of educational facilities at Nenthead;
Lambley Viaduct Maintenance	Maintenance of a restored railway viaduct;
Nenthead Mines	The restoration and creation of a heritage centre at the Nenthead Mines site;
Brewery Shaft	The acquisition of the freehold of this mine shaft;
Mill Cottage	The acquisition and subsequent capital expenditure on this investment property;
Keswick Museum & Art Gallery	The management of the museum and art gallery;
Esmee Fairbairn	Grant towards management salary costs;
Other	Sundry other projects.

27a. ANALYSIS OF NET ASSETS (between restricted and unrestricted funds) - GROUP

	Tangible fixed assets	Investments	Other net assets	Total
	£	£	£	£
Nenthead Mines	278,617	–	–	278,617
Brewery Shaft	12,500	–	–	12,500
Mill Cottage	–	212,000	–	212,000
	<u>291,117</u>	<u>212,000</u>	<u>–</u>	<u>503,117</u>
Unrestricted funds	68,033	94,001	(16,789)	145,245
	<u>359,150</u>	<u>306,001</u>	<u>(16,789)</u>	<u>648,362</u>

27b. ANALYSIS OF NET ASSETS (between restricted and unrestricted funds) – CHARITY

	Tangible fixed assets	Investments	Other net assets	Total
	£	£	£	£
Nenthead Mines	278,617	–	–	278,617
Brewery Shaft	12,500	–	–	12,500
Mill Cottage	–	212,000	–	212,000
	<u>291,117</u>	<u>212,000</u>	<u>–</u>	<u>503,117</u>
Unrestricted funds	46,621	94,004	(11,593)	129,032
	<u>337,738</u>	<u>306,004</u>	<u>(11,593)</u>	<u>632,149</u>

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28. ENDOWMENT FUNDS – GROUP AND CHARITY

	Balance at 1 Apr 2008 £	Incoming & Revaluations £	Movement in resources: Outgoing & Transfers £	Balance at 31 Mar 2009 £
Permanent endowments				
Lambley Endowment Fund	117,470	(19,857)	–	97,613
Alston Arches Endowment Fund	66,610	(7,663)	–	58,947
	<u>184,080</u>	<u>(27,520)</u>	<u>–</u>	<u>156,560</u>

29. ANALYSIS OF NET ASSETS BETWEEN ENDOWMENT FUNDS

	Investments £	Other net assets £	Total £
Lambley Endowment Fund	97,613	–	97,613
Alston Arches Endowment Fund	24,435	34,512	58,947
	<u>122,048</u>	<u>34,512</u>	<u>156,560</u>

30. CONTINGENCIES – GROUP AND CHARITY

Mill Cottage

The funders of the grant used to purchase Mill Cottage require repayment of the grant on a sliding scale, should the property be sold within 25 years of purchase. The repayment is calculated as follows:

£70,000 x 1/25 x no. of years left until 25 year period is complete

The property was purchased in June 1996 and there are no plans to sell it.

Nenthead Mines

The funders of the grant used to restore the Nenthead Mines site require repayment of the grant on a sliding scale, should the site be closed to the public within 25 years of the grant award. The repayment is calculated as follows:

£1,029,500 x 1/25 x no. of years left until 25 year period is complete

The grant was awarded in 1997. There are no plans to close the Nenthead Mines site to the public.

31. PENSIONS

The group has not operated, or contributed to any pension scheme on behalf of its employees.

32. CAPITAL COMMITMENTS

The trustees have confirmed that there were no capital commitments at 31 March 2009.