

Company no. 06373488  
Charity no. 1122964

# **Luton Cultural Services Trust**

## **Annual Report and Financial Statements**

**For the year ended 31 March 2022**

**LUTON CULTURAL SERVICES TRUST  
REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2022**

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## **Luton Cultural Services Trust**

### **Report of the Board of Trustees for the year ended 31 March 2022**

The Trustees are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2022 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

### **Chair's Report and Strategic Report**

We are pleased to report a demonstrable recovery from COVID-19 pandemic with our return of audiences, staff, partnerships and activities and I am very proud of the resilient team that has led this in-year success. Having benefited from COVID support, we are now proud to once more put back into the local economy and visitor economy. I am delighted that this was recognised with an award from Visit England who assessed Wardown Museum and Stockwood Discovery Centre to be higher than their last assessment (*the overall quality score was 77% for Stockwood Discovery Centre and 79% for Wardown Museum*). This is recognition for how we animate, manage and open heritage sites to the public.

In June we welcomed back audiences to our sites albeit with reduced capacities, restrictions such as masking wearing to provide COVID safe assurance to our artists, audiences and staff. We continued with hybrid offers and digital communication remained our primary promotion tool. Whilst essential to keep our audiences engaged, we found that as an organisation gained more social media followers which we have since retained (*30,542 social media followers*).

As one of our first public exhibitions of the year, we were proud to partner with the African Caribbean Community Development Forum to present Contributions from the Windrush Generation. Objects loaned by local communities were curated across Wardown House Museum and Gallery with personal testimony and stories from local residents. A Civic Ceremony and flag raising took place at the museum to mark Windrush Day. Local milliner and Creative Pioneer Alva Wilson produced a theatrical talk about his experience as a child of Windrush. This received a write-up and promotion in the national Black History Month publication and led to a sell-out show.

Throughout the year, we continued to present high profile collections-based work and exhibitions across our museums, including Syrian artist Sara Sharma's Modern Slavery exhibition in September, and Hungarian artist Judit Szendrei's STAMP! (Mosaic, Collage, Montage) in January. We were delighted to be joined by Hungarian Ambassador to the United Kingdom His Excellency Ferenc Kumin, Director of the Liszt Institute Máté Vincze, and Rachael Hopkins MP (Luton South) to the launch of the largest European presentation of the Luton / Hungarian artist's work.

I am thankful to our team for continuing to apply for COVID recovery funds to support our re-opening and sustainability. A major contribution was the DCMS Culture Recovery Funding of which we made a second application in year and we were awarded £293,777 from Arts Council England. We are thankful for this enabling funding. This supported our core costs and the re-animation of the Hat District took from November 2021 to March 2022. We focused on indoor and outdoor public programmes with high impact and accessible activity, welcoming audiences back to live events. In addition to programmed weekly free arts workshops, talks and masterclasses many of which were led by our cohort of Creative Pioneers. We launched a new programme at the Hat Factory called Hat District Lates which is a monthly creative social with live music open venue evening with artistic interventions across the Storefront Gallery, Hat Works, Hat House and the Hat Factory Arts Centre. Attendance for this grew from 233 initially to an impressive 1257 by the end of March.

Our ticketed festive programme also saw record numbers of customers attend Stockwood Illuminated, our popular festive light trail, achieving 6907 visits – 20% higher than when the event was last produced in 2019. The Hat Factory presented 22 performances of Full House Theatre's Elves and the Shoe Maker, achieving 92% across all public shows, and 81% of schools shows. We are delighted by these returning audience numbers after an unsettling period of closure due to the pandemic.

In January we learnt that our application for the National Portfolio Organisation 2022/23 Extension Year was successful, and an investment of £253,582 would be made to support the continuation of our exemplary museum activity at Wardown House Museum Galley until the 2023-2026 investment period. I am very grateful to Arts Council England, once more for investing in our continued high quality museums development and delivery.

In February we marked LGBTQ+ History Month with an enhanced public programme of focus groups, performances, drag DJ events, and queer film nights and the award-winning theatre show First Time by Nathaniel Hall. The programme visibly cemented our commitment to developing an inclusive and safe space for the LGBTQ+ community. As part of this work we secured £25,000 funding from Bedford and Luton Community Foundation to create a designated LGBTQ+ networking and event space in the vaults at the Hat Factory. We are thankful for this investment.

Building on the successful re-animation of the Hat District, we partnered on three major events and festivals from January – March with Luton Borough Council, the Luton Town Centre Business Improvement District and community partners Luton Irish Forum. A Vegan Food Festival and a Chinese New Year Celebration took place across two weekends with the café turned into a professional TV kitchen, the Hatch spaces full of free workshops, stalls and demonstrations in the Factory Floor, and street food pop-ups and artisan market stalls across the Hat District. This activity brought in new people to the Hat

Factory and helped develop our reputation as a cultural and social destination. A St Patrick's Day 'After Party' took place over 3 floors and a traditional music programme was presented to audiences of all ages across the Basement Bar, Factory Floor, and café.

As attendance and audiences grew and COVID restrictions loosened we reassumed normal capacity shows and even increased capacity where there was demand, for example at our regular Music in the Museum programme curated with partners Jazzcotech and Sinfonia Verdi, and our monthly Comedy Bar.

Across the year we engaged through cultural activity with 4,268 young people. This includes collections inspired workshops and creative arts-based learning sessions across Stockwood Discovery Centre, Wardwon House Museum and Gallery, and the Hat Factory. A new portfolio of artist led sessions, created through Cultural Recovery Funding, has enabled greater representation and diversity delivery. This was part of our research and development this year into Equity, Diversity and Inclusion which is informing a new strategy for the Trust which we are developing in partnership with Counter Culture. Our EDI strategy was adopted by the board in March and outlines a clear pathway for growing diversity of our audiences, programmes and team. We were pleased that our assessment recognised that our programme presents and celebrates diversity and diverse artists. The over-arching EDI aim is to mainstream equity, diversity and inclusion (EDI) both as an employer, programmer, partner, landlord and commissioner within the work that we do. We want to ensure that the work we do enables a diverse range of people to work and connect with us and enjoy, inform and benefit from the culture we offer.

We have partnered with industry leaders to deepen the impact of cultural careers and skills particularly for local young people. A new collaboration with Moving Image Luton and London Film School has enabled the pilot of skills focused 'film club'. Currently aimed at 12 – 16 year olds, the curriculum takes the cohort through the professional stages of filmmaking. A partnership with artists and technologists BEE Creative and Make Amplify has enabled school children with EBSA (emotional based school avoidance) to build digital and production skills, using museums and collections inspiration. A Young Producers programme training festival and event managers has been launched at the Hat Factory by Youth Network and Bute Street Film Festival.

Throughout the year we have maintained relationships with artists and volunteers through projects like The Lace Trees. Working with international artists Choi + Shine, we developed in-person and virtual participation opportunities for our Museum Makers, using social media and video calls to share crochet skills and technical knowledge. Over 3000 hours of volunteer engagement has taken place so far, with a major public art installation due at Stockwood Discovery Centre in August.

I am also proud of how we have concluded phase 1 of our Hat District project. We are transforming redundant Hat Factories in the town centre and creating new uses for them for the creative industries. The launch of Hat Works creative workspace was a real highlight this year in February – a new space to connect creative entrepreneurs with start-ups providing affordable hot-desking and workspace. It is rewarding, after a six year heritage regeneration programme led by the Trust, that we can put this well-loved and oldest hat factory in Luton, back into good use. In addition, we are proud of the creative and cultural

opportunities we provide, particularly for young people, and the stepping stones we create to support wellbeing, cultural fulfilment and talent and skill progression for our community.

Our partnership with Luton Borough Council and core funding from Luton Rising remain strong and I am particularly thankful to the Officers and Councillors for supporting us through COVID-19 and for continuing funding despite COVID also affecting the airport productivity. We are pleased that our role as is recognised in delivering the Council's Arts and Cultural Strategy 'Harnessing momentum' and the Heritage Strategy 'Curating Luton' and that our wider impacts address economic prosperity, place-making, wellbeing and town centre regeneration that are so important in delivering the Town Wide 2040 strategy.

I would also like to thank SEMLEP, Historic England, Arts Council England, National Lottery Heritage Fund, and Bedfordshire and Luton Community Foundation for their vital and ongoing support.

I recognise this has been another challenging year for the Trust as we emerge from COVID-19, but our funders, users, visitors and partnerships have strengthened our ability to recover and to culturally reanimate our sites. But of course it is the skill, resilience, commitment and diligence of the Culture Trust staff team and board that has enabled this impressive year of recovery, my thanks to you all.



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Sir Geoff Mulgan

Chair of Trustees

## **Our Purposes and Activities**

The objects of the Charity are as follows:

- (a) The Charity has been established for the benefit of the public primarily for the community and visitors to Luton and the wider area of the East of England for not limited to the following objects.
- (b) The advancement and support of education, culture, arts, heritage and history including the provision of museums, galleries, learning and information centres, archives and other related services; and/or
- (c) The provision or assistance in the provision of facilities for recreation or other leisure time occupation in the interest of social welfare such facilities being provided to the public at large save that special facilities may be provided to persons who by reason of their youth, age, infirmity or disability, poverty or social or economic circumstances may have need of special facilities or services; and/or
- (d) Such other charitable purposes beneficial to the public consistent with the objects above as the Directors shall in their absolute discretion determine.

We produce and present year-round programmes of activity across our cultural venues which include theatres, museums, arts centre, gardens and historic hat factories. We also manage the town's heritage collections and archives and we are custodian to three group Grade II listed buildings. We have a collection of over two million archive and artefacts, and we hold the most extensive and complete hat and headwear collection in the UK and the Mossman carriage collection at Stockwood Discovery Centre is the largest in Europe. In addition we hold the best collection in England of Ian Hamilton Finlay's outdoor sculptures at Stockwood. We are proud to be based in Luton and we welcome thousands of regular local and regional users to our venues. We also invite the wider international community to engage with this incredibly diverse and stimulating town through our cultural offer.

We develop and deliver locally relevant and nationally important cultural programmes and we engage the creativity and skills of artists, curators, writers, performers and producers. We actively promote the value of arts and culture in creating a sense of place, regeneration, wellbeing, community cohesion and in improving the quality of people's lives. Our public art commissioning in the Hat District Creative Cluster in Luton Town Centre aims to promote the industrious hat making heritage and provide a beacon for future hope and prosperity. Across our venues, we provide creative opportunities and activities for young people to inspire them and generate skills for life. We create transition and progression routes between formal education and successful careers to enable anyone with a skill, interest or passion in arts and culture to meet their full potential. We nurture fruitful strategic partnerships locally, nationally and internationally and we support a large following of loyal and proud customers, partners, funders, businesses, ambassadors, staff and volunteers.

### **How our activities deliver public benefit**

The Trustees confirm that they have had regard to the Charity Commission's guidance on Public Benefit.

The Trustees believe that they meets the two key principles of public benefit as defined by law, being:

- There must be an identifiable benefit or benefits
- Benefit must be to the public, or a section of the public

Our charitable activities focus on widening cultural engagement and participation across our free entry venues; Wardown House Museum & Gallery, Stockwood Discovery Centre, the Hat Factory Arts Centre, Hat Works, Hat House (making up the Hat District) and the Storefront Gallery. Our activity programmes are

targeted at encouraging under-represented groups to attend and participate in arts, creative industries, education, cultural skills and learning, heritage and museums. The table on page 15 below sets out in detail our performance and outcomes for the year.

Our mission is 'to connect communities through meaningful culture and creativity' and our business plan (2021-25) we clarify our six priorities as follows: 1. Widen Community Participation; 2. Develop Young people's Skills and Talents; 3. Present Inspiring diverse Arts; 4. Grow Luton's Creative Industry Cluster; 5. Co-curate Museum Collections and 6. Boost the Creative Economy.

## Financial Review

During the year, turnover decreased by 12.09% to £3.992m (2020/21, £4.541m) due mainly to reduced capital funding received as a result of the conclusion of the Hat District Project. These reductions in income, were partly offset by Cultural Recovery Fund grant received and an increase in trading income. The total resources expended increased by 9.71% to £3.636m (2020/21, £3.314m) reflecting the increased expenditure for the post pandemic reanimation of the venues and an increase in the cost of living pay award.

The principal funding sources of income to the Trust itself is grants of £1,662,643 (2020/21, £1,973,862) for arts and culture. We also generate income from ticketed events, donations and rents/hire of spaces.

The requirement under FRS102 to provide for benefits accrued and the net interest cost of the defined benefit pension scheme in the Trusts SOFA has reduced the reported net income (before actuarial movements) by £798,000 (2020/21, £421,000) to a net income of £355,852 (2020/21 £1,226,819). In addition £39,800 (2020/21, £46,019) is held as restricted funds in respect of unspent funding received for specific projects at the year end.

The defined benefit pension deficit decreased from £9,775,000 to £7,351,000 at the balance sheet date in accordance with the actuarial valuation report for FRS 102 purposes. The overall actuarial gains from the pension scheme were £3,222,000. This has produced a consolidated net liabilities position of £698,291 (2020/21, £3,858,284). The Trustees consider that the pension deficit is based on long term projections of future investment returns and demographic experience many years into the future and thus are unlikely to reflect the actual eventual cost of providing the pension benefits in the long term. In addition the last triennial full valuation carried out by the fund managers in March 2019 produced a funding surplus value of £2,395k. Accordingly, the Trust continues to adopt the going concern basis in preparing the financial statements.

## Pricing Policy

Our pricing policy reflects our strategy of enabling free access to Museums at Wardown House Museum and Gallery and Stockwood Discovery Centre. We also provide an annual programme of free and subsidised arts and cultural activities and events where ticketed event prices range from £5 to £20 in the Hat Factory Arts Centre. All of our museum exhibitions, collections and public art commissions are accessed freely. Since 2019/20 we have conducted a ticketing strategy called **Culture for a Fiver** where many of our arts events are priced at £5 to allow our audience to attend high quality arts that are affordable, particularly for the younger demographic of Luton as well as a **Pay It Forward** sponsorship scheme to encourage businesses to sponsor tickets for targeted groups and individuals in most need.



### **Investment Powers and Policy**

The Trustees, having regard to the liquidity requirements of running the business, keep available funds in interest-bearing deposit accounts and seek to achieve a rate on deposit which matches or exceeds inflation as measured by the retail prices index. Due to wider economic circumstances deposit rates have been depressed and so this aim was not achieved in the year. There was nil invested funds held on deposit during the year.

### **Reserves Policy and Going Concern**

Reserves are needed to bridge the gap between the spending and receiving of income and to cover unplanned emergency expenditure or reductions in funding. The Trustees note that at the year-end, a total of £5,814,909 (20120/21, £5,870,697) is held in the general fund reserves and £39,800 (2020/21, £46,019) as restricted funds. The restricted funds are not available for general purposes at the end of the reporting period and the general funds are held in fixed assets properties and can only be realised through the disposal of these assets.

The Trustees consider that the ideal level of reserves as at 31<sup>st</sup> March 2022 would be £400,000 representing two months operational expenditure. The Trust has fallen below the level identified in the reserves policy during the period. The Trust 5 year plan includes a gradual restoration of the Trust reserves.

In accordance with their responsibilities, the Trustees have considered and concluded upon the appropriateness of the going concern basis, which has been used in the preparation of these financial statements. In making this going concern assessment, the Trustees have had regard to the matters highlighted in Note 1 section b in the accounts. After considering the uncertainties described in the note, the Trustees have a reasonable expectation that the charitable company will have sufficient resources to continue in operational existence for the foreseeable future. For these reasons, the Trust has continued to adopt the going concern basis in preparing the financial statements.

### **Plans for Future Periods**

We are really pleased to have secured National Portfolio Funding (NPO) from Arts Council England for 2023-5 focussed on Wardown House Museum. This funding will help us grow our museum and engagement impacts and launch the Hat Triennial and major Hat and Headware exhibition this summer. In addition, we have secured an Arts Council additional NPO grant for a programme called TAP (talent, alumni and progression). TAP will create progression routes from education settings to creative industry career and signpost to the Hat District Creative Cluster. We will also form a group of Luton Creative Alumni to demonstrate successful creative careers, provide inspiration and potential mentorship for young people in the town.

We are focussing on growing our audiences in 2023/24 with outreach projects such as our One Mile Mission working in Bury Park, a community within a mile of Wardown House Museum. This initiative shall be replicated for Stockwood in the future too. We plan to work with users and non-users on developing plans for Stockwood gardens and galleries and our commercial offer. We want to make more of the newly listed garden and England's best Ian Hamilton Finlay sculpture collection called the 'Improvement Garden'. The Hat Factory Arts Centre shall continue to be programmed with diverse Arts, and we shall focus on developing more regular programmes, building on our Hat District Lates on the first Thursday of every month and other regular features. We will also build on our national programme of exemplars in talks, events, lectures and workshops. We will continue to promote PRIDE and Black History Month and we will be developing a new South Asian arts programme to join the calendar in 2023.

We will continue to work with our partners Luton Borough Council and Luton Rising to widen local impacts and demonstrate how the Trust delivers the town-wide 2040 Vision. Critically we will continue to play our part in arts and heritage community participation and activation, cultural regeneration, inward investment and town centre animation. As a major Creative Industry employer and cluster we will also continue to grow provision, support, venues and workspaces for our

sector. Advocacy and promotion for creativity and culture and celebrating skills and talent, particularly of young people from Luton, shall remain core to our work. Our Equity Diversity and Inclusion (EDI) strategy (2022-25) is enabling us to demonstrably mainstream equity, diversity and inclusion both as an employer, programmer, partner, landlord and commissioner within the work that we do. We want to ensure that the work we do enables a diverse range of people to work and connect with us and enjoy, inform and benefit from the culture we offer. Our strategy is broken down into 3 key outcomes – our people, our work and our visitors and audience.

- **Our People** We want to attract the best talent to work for us that our community has to offer, ensuring that our people better reflect the demographics of the communities that we serve. This will enable us to benefit from a diverse range of perspectives and recruit from the very widest and best pool of talent. We want to attract, nurture and retain our people with the offer of good work, people policies which cater for their diverse needs, supporting them at their different life stages and ensuring that we continue to support their mental health and well-being.
- **Our Work:** We want to make sure that our programmes, our content, our policies and our projects, are of relevance to a diverse range of people and are delivered in collaboration and with an inclusive approach.
- **Our Visitors & Audience:** We want to develop our expertise and our partnerships so that we can better engage with our audience to understand what they would like from us and how we can involve them. We want to better collect and use both qualitative and quantitative data to be more responsive to our audience's needs and identify gaps in participation.

## Reference and Administrative Details

**Charity number:** 1122964

**Company number:** 06373488 (England and Wales)

**Registered Office:** The Hat Factory Arts Centre 65-67 Bute Street Luton LU1 2EY

### Our Advisers

**Auditors:** Moore Kingston Smith LLP  
6th Floor  
9 Appold Street  
London  
EC2A 2AP

**Bankers:** Co-operative Bank plc  
2 Alma Street  
Luton LU1 2PL

**Solicitors:** Freeths LLP  
Routeo Office Park  
Davy Avenue  
Knowlhill  
Milton Keynes MK5 8HJ

## **Directors and Trustees**

The Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Mr Clive Borthwick (Resigned 31/12/2021)  
Mr Nicholas Gibson (Chair until 24/03/2022)  
Mr David Goodridge (Resigned 03/10/2021)  
Ms Yasmin Khan  
Sir Geoff Mulgan (Acting Chair from 24/03/2022)  
Mr Sufian Sadiq  
Mr Robert Smalley  
Mr Andrew Strange  
Ms Carlota Larrea  
Ms Julma Begum  
Ms Joanne Prior (Appointed 24/03/2022)  
Mr Bilal Hussain (Appointed 24/03/2022)

## **Key Management Personnel**

Ms Marie Kirbyshaw	Chief Executive
Mr Samuel Javid	Creative Director (Appointed 16/08/21)
Mr Guy Smith	Director of Operations and Business Performance
Ms Vanessa Penzo	Director of Finance & Resources/Company Secretary

## **Structure, Governance and Management**

### **Governing document**

Luton Cultural Services Trust is a registered charity and a company limited by guarantee. Its governing document is the Memorandum and Articles of Association. The Board of Trustees comprises the Directors of the company.

Members of the charitable company guarantee to contribute an amount not exceeding £10 to the assets of the charitable company in the event of winding up. The total number of such guarantees at 31 March 2022 was 10.

### **Appointment of Trustees**

As stated above, the Board of Trustees are also Directors of the Company. Directors are recruited through public advertisement, contacts of the current Board members and through business contacts of the charity. They are assessed for suitability using a skills and interests matrix and are interviewed by the Chair and Chief Executive. In normal circumstances one third of the Directors retire at each Annual General Meeting and are eligible for reappointment.

### **Trustee induction and training**

Trustees have an induction programme comprising governance, the Trust vision and priorities, analysis of the charity's business plan, activity programme, staffing and resources. They also take part in a programme of visits to operational sites of the Trust where they learn more about our operation and meet staff and volunteers. Trustees are able to undertake training specific to their role, attend look and see visits and participate in an in-depth away-day each year with the Chief Executive and Leadership Team to review priorities and to forward plan.

### **Organisation**

The organisation was established under a Memorandum of Association which established the objects and powers of the organisation and is governed under its Articles of Association. The Trustees who have served during the period and those appointed before the date of this report are listed on page 10. No member of the Board or sub-committees receives any remuneration for their services as Trustees. The Board meets four times a year with additional extraordinary meetings if required. Sub-committees report quarterly to the Board and comprise the Finance sub-committee, HR sub-committee, The Nominations Committee and task and finish groups which are established to consider relevant issues from time to time and report back to the Board. The Leadership (which comprises the Chief Executive and the senior staff reporting to the Chief Executive) meet every month to monitor performance, activity and operations and to review finances, policy and practice. The organisation is a charitable company limited by guarantee, incorporated on 17 September 2007 and registered as a charity on 27 February 2008.

### **Related Parties and Co-operation with other Organisations**

Any connection between a trustee and senior manager of the charity with a production company, contracted actor, performer or exhibitor must be disclosed to the full Board of Trustees in the same way as any other contractual relationship with a related party. Details of related party transactions are shown in note 19 to the accounts.

Luton Cultural Services Trust is a member of the Museums Association, The Association of Independent Museums and The English Civic Museums Network. The Trust takes part in networking, advice, funding and strategic planning with Arts Council England, Heritage Lottery, Museums Association, Historic England, South East Midlands Local Enterprise Partnership and the Museums East of England Group.

### **Pay policy for senior staff**

The directors consist of the Board of directors, who are the Trust's Trustees, and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Trust on a day to day basis. All directors give their time freely and no director received remuneration in the year. Details of directors' expenses are disclosed in note 7 to the accounts.

The Trust adopts the NJC for Local Government pay scales for all staff, including the Chief Executive and leadership team. All posts are evaluated to align with the Local Authority job evaluation scheme to ensure fairness across the Trust and parity with similar Local Authority jobs. Staff pensions are provided through the Local Government Pension Scheme.

### **Risk management**

The Trustees have examined the major strategic, business and operational risks which the charity faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to evaluate and manage these risks. The Trust's risk register is reviewed on a regular basis by the corporate management team and at each Board meeting.

The key risk faced by the charity remains the impact of reductions from its major funder(s), the increase in costs resulting from high inflation and the impact of reduced income resulting from lower footfall due to the challenges in the economic environment. As a cultural charity, the Trust is able to take advantage of opportunities in the wider cultural environment and actively apply for funds from call on other funders such as the National Lottery, Trusts and Foundations to go alongside core funding from Arts Council England (NPO) which includes inflation and the annual donation from London Luton Rising (which does not include inflation). Post COVID, the charity is focusing on growing its trading and commercial activities, developing the Hat District to diversify incomes and will also be implementing sustainable practices and ongoing efficiencies.

The Company's operations expose it to limited financial risks that include employee costs, price risk, credit risk, liquidity risk and interest rate risk. Given the size of the Company, the Directors have delegated the responsibility of monitoring financial risk to a sub-committee of the Board. The policies set by the Finance sub-committee are implemented by the Company's finance department.

**Employee Costs Risk:** The Trust spends 56% of its budget on staff salaries and on-costs. There is a risk that these costs will rise in line with inflation and above that included in our medium term financial plans. The Trust sets its salary pay scales and annual pay awards in line with the Local Authority, which are subject to the government's public sector pay constraints.

**Price Risk:** The Company has exposure to commodity prices particularly for utility costs, building maintenance and office costs. Strong working relationships with its principal suppliers and framework agreements have aided the Trust to alleviate part of this risk.

**Credit Risk:** The Company has limited exposure to credit risks. Most of its fees and charges are not subject to credit and those that are, are short term. Credit checks are not normally carried out on customers.

**Liquidity Risk:** The Trust is primarily funded through grants and donations which are usually received in advance of expenditure. The Company has suffered from cash flow challenges due to the COVID 19 pandemic but is carefully managing its funds, optimising its current operations and re-phasing its planned expansions.

**Interest Rate and Cash Flow Risk:** The Charity has £1,712k of borrowing and therefore exposure to interest rate risks. The Trust has fixed the interest rate for these loans for five years in order to reduce the interest rate risk.

The reduction in the Trust's cash reserves and the complex post COVID-19 trading environment exacerbated by the rise in living costs and energy prices resulted in cash flow challenges which are being carefully managed.

**Statement of responsibilities of the Trustees of Luton Cultural Services Trust in respect of the Trustees' annual report and the financial statements:**  
The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of income over expenditure for that period. In preparing each of the group and charitable company financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the group's and the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the charitable company or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable 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.

**Volunteer support**

Luton Cultural Services Trust benefits from the time dedicated by volunteers, including by our Trustees. These donated services have not been evaluated for inclusion in the financial statements. Our volunteers support us by working in venues, fundraising, helping with events and helping with documentation and curatorial work.

**LCST Trading Ltd**

Funds are contributed to the charity through our subsidiary, LCST Trading Limited and in 2020/21, arose from the sale of merchandise at our various locations, room hire, events management, weddings, café and bar sales.

LCST Trading had income of £495,959 (2020/21 £262,643) and there was a surplus of £108,508 on trading (2020/21 loss of £57,421) so a donation of £51,087 was made to the Trust.



Our key performance indicators are summarised in the table below (number of customers engaging with the Trust's activities during 2022/22 as compared to the previous year): For activities, please refer to the activities outlined in the Chair's report.

Service	2021-22 Actual (k)	2021-22 (k)									
		Q1 Target	Q1 Output	Q2 Target	Q2 Output	Q3 Target	Q3 Output	Q4 Target	Q4 Output	Full Year Target	Full Year Output
Arts*	56,393	3,565	3,787	11,250	10,039	184,25	9431	7,250	13,408	40,490	50,191
Museums**	979,18	4,633	8,866	268,880	366,87	238,50	160,33	215,85	15,565	769,948	877,85
Total	<b>154,311</b>	8,198	126,53	280,130	467,26	422,75	254,64	288,35	289,73	<b>117,438</b>	<b>137,976</b>

#### Auditors

A resolution to re-appoint Moore Kingston Smith LLP as the charity's auditors was proposed at the AGM meeting held on 14 December 2021.

**Approved by the Board of Trustees on 06 December 2022 and signed on its behalf by**

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Sir Geoff Mulgan,  
**Chair**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUTON CULTURAL SERVICES TRUST**

### **Opinion**

We have audited the financial statements of Luton Cultural Services Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2022 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

### **Other information**

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

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

we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

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

#### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.

- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Moore Kingston Smith LLP.*

James Saunders (Senior Statutory Auditor)  
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Date 30/1/2023

6th Floor  
9 Appold St  
London  
EC2A 2AP

**Luton Cultural Services Trust**  
**Consolidated Statement of Financial Activities**  
**(including an income and expenditure account)**  
**For the year ended 31 March 2022**

	<b>Note</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2022 £</b>	<b>Total Funds 2021 £</b>
<b>Income from:</b>					
Donations and legacies	3	1,459,307	635,741	<b>2,095,048</b>	3,378,041
Charitable activities	2	1,400,468	300	<b>1,400,768</b>	900,290
Other trading activities	11	495,971	-	<b>495,971</b>	262,737
Investments	4	-	-	-	69
<b>Total Incoming Resources</b>		<b>3,355,746</b>	<b>636,041</b>	<b>3,991,787</b>	<b>4,541,137</b>
<b>Expenditure on:</b>					
Raising funds	11	387,462	-	<b>387,462</b>	320,158
Charitable activities	5	3,034,832	178,481	<b>3,213,313</b>	2,979,760
Other costs	5	35,160	-	<b>35,160</b>	14,400
<b>Total Resources Expended</b>		<b>3,457,454</b>	<b>178,481</b>	<b>3,635,935</b>	<b>3,314,318</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>(101,708)</b>	<b>457,560</b>	<b>355,852</b>	<b>1,226,819</b>
Transfers between funds	17	463,780	(463,780)	-	-
<b>Net income/(expenditure)</b>		<b>362,072</b>	<b>(6,220)</b>	<b>355,852</b>	<b>1,226,819</b>
<b>Other gains/(losses)</b>					
Investment property impairment	10	(417,860)	-	<b>(417,860)</b>	-
Actuarial gains/(losses) on defined benefit pension scheme	18	3,222,000	-	<b>3,222,000</b>	<b>(4,314,000)</b>
<b>Net movement in funds</b>		<b>3,166,212</b>	<b>(6,220)</b>	<b>3,159,992</b>	<b>(3,087,181)</b>
<b>Total funds brought forward</b>		<b>(3,904,303)</b>	<b>46,019</b>	<b>(3,858,284)</b>	<b>(771,103)</b>
<b>Total funds carried forward</b>		<b>(738,091)</b>	<b>39,800</b>	<b>(698,291)</b>	<b>(3,858,284)</b>

**Luton Cultural Services Trust**  
**Consolidated Statement of Financial Activities**  
**For the year ended 31 March 2021**

	<b>Note</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2021 £</b>
<b>Income from:</b>				
Donations and legacies	3	1,555,971	1,822,070	<b>3,378,041</b>
Charitable activities	2	899,990	300	<b>900,290</b>
Other trading activities	11	262,737	-	<b>262,737</b>
Investments	4	69	-	<b>69</b>
<b>Total Incoming Resources</b>		<b>2,718,767</b>	<b>1,822,370</b>	<b>4,541,137</b>
<b>Expenditure on:</b>				
Raising funds	11	320,158	-	<b>320,158</b>
Charitable activities	5	2,604,265	375,495	<b>2,979,760</b>
Other	5	14,400	-	<b>14,400</b>
<b>Total Resources Expended</b>		<b>2,938,823</b>	<b>375,495</b>	<b>3,314,318</b>
<b>Net (outgoing)/incoming resources before transfers</b>		<b>(220,056)</b>	<b>1,446,875</b>	<b>1,226,819</b>
<b>Transfers between funds</b>	17	1,579,890	(1,579,890)	<b>-</b>
<b>Net income/(expenditure)</b>		<b>1,359,834</b>	<b>(133,015)</b>	<b>1,226,819</b>
Investment property impairment	10	-	-	<b>-</b>
Actuarial losses on defined benefit pension scheme	18	(4,314,000)	-	<b>(4,314,000)</b>
<b>Net movement in funds</b>		<b>(2,954,166)</b>	<b>(133,015)</b>	<b>(3,087,181)</b>
<b>Total funds brought forward</b>		<b>(950,137)</b>	<b>179,034</b>	<b>(771,103)</b>
<b>Total funds carried forward</b>		<b>(3,904,303)</b>	<b>46,019</b>	<b>(3,858,284)</b>

**Luton Cultural Services Trust**  
**Consolidated Balance Sheet**  
**As at 31 March 2022**

	Note	The Group 2022 £	2021 £	The Charity 2022 £	2021 £
<b>Fixed assets</b>					
Tangible fixed assets	9	<b>4,796,548</b>	4,696,178	<b>4,796,548</b>	4,696,178
Investment property	10	<b>3,105,360</b>	3,523,220	<b>3,105,360</b>	3,523,220
		<b><u>7,901,908</u></b>	<u>8,219,398</u>	<b><u>7,901,908</u></b>	<u>8,219,398</u>
<b>Current assets</b>					
Stock	12	<b>15,351</b>	17,304	-	-
Debtors	13	<b>449,994</b>	501,939	<b>497,788</b>	540,050
Cash at bank and in hand		<b>549,064</b>	77,151	<b>408,496</b>	58,255
		<b><u>1,014,409</u></b>	<u>596,394</u>	<b><u>906,284</u></b>	<u>598,305</u>
<b>Creditors:</b> Amounts falling due within one year	14	<b>(551,192)</b>	(1,055,310)	<b>(494,449)</b>	(1,000,069)
<b>Net current assets/(liabilities)</b>		<b>463,217</b>	(458,916)	<b>411,835</b>	(401,764)
<b>Creditors:</b> amounts due after one year	15	<b>(1,712,416)</b>	(1,843,766)	<b>(1,712,417)</b>	(1,843,766)
<b>Net assets excluding pension scheme liabilities</b>		<b>6,652,709</b>	5,916,716	<b>6,601,326</b>	5,973,868
Defined benefit pension scheme liability		<b>(7,351,000)</b>	(9,775,000)	<b>(7,351,000)</b>	(9,775,000)
<b>Net Liabilities including pension scheme liabilities</b>		<b><u>(698,291)</u></b>	<u>(3,858,284)</u>	<b><u>(749,674)</u></b>	<u>(3,801,132)</u>
<b>Funds</b>					
Restricted funds	17	<b>39,800</b>	46,019	<b>39,800</b>	46,019
Unrestricted funds					
General funds	17	<b>6,612,909</b>	5,870,697	<b>6,561,526</b>	5,927,848
Pension reserve	17	<b>(7,351,000)</b>	(9,775,000)	<b>(7,351,000)</b>	(9,775,000)
<b>Total funds</b>		<b><u>(698,291)</u></b>	<u>(3,858,284)</u>	<b><u>(749,674)</u></b>	<u>(3,801,132)</u>

These accounts were approved and authorised for issues by the Board on 06/12/2022 and signed on their behalf by:



.....  
**Nicholas Gibson**  
**Chairman**



**Luton Cultural Services Trust**  
**Consolidated Statement of Cash Flows**  
**For the year ended 31 March 2022**

	Note	2022 £	2021 £
<b>Net cash flow from operating activities</b>	(a)	<b>902,193</b>	<b>1,070,984</b>
<b>Cash flows from investing activities</b>			
Interest received		-	69
Interest element of finance lease repayments		(13,215)	(13,215)
Interest element of loan		(38,923)	(38,923)
Expenditure on fixed assets (including investment property)		(246,659)	(1,280,675)
Net cash used in investing activities		(298,797)	(1,332,744)
<b>Cash flows from financing activities</b>			
Repayment of capital element of finance leases		(61,751)	(61,798)
Bank loan drawn down		(69,732)	350,000
Finance lease in year		-	-
		(131,483)	288,202
<b>Net cash inflow</b>	(b)	<b>471,913</b>	<b>26,442</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>77,151</b>	<b>50,709</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>549,064</b>	<b>77,151</b>

**Notes to the cash flow statement**

**a) Reconciliation of (outgoing)/incoming resources to net cash flow from operating activities**

	2022 £	2021 £
Net (outgoing)/incoming resources before other gains/(losses)	355,852	1,226,819
Loss on disposal of fixed assets	-	66,907
Defined Benefit Scheme movements	798,000	421,000
Decrease in stock	1,953	12,031
Increase in debtors	51,945	(453,100)
Decrease in creditors	(503,984)	(403,979)
Depreciation	146,289	149,237
Interest paid on finance leases	13,215	13,215
Interest paid on loans	38,923	38,923
Interest received	-	(69)
<b>Net cash flow from operating activities</b>	<b>902,193</b>	<b>1,070,984</b>

**Analysis of changes in net debt**

	At 31 March 2021	Cashflows	New finance leases	At 31 March 2022
Cash and cash equivalents	77,151	471,913	-	549,064
Loans falling due after more than one year	1,715,000	(69,732)		1,645,268
Finance lease obligations	190,563	(61,797)	-	128,766
			-	
<b>Total net debt</b>	<b>1,982,714</b>	<b>340,384</b>	<b>-</b>	<b>2,323,098</b>

**Luton Cultural Services Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2022**

**1. Accounting policies**

**a) Basis of preparation**

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charity is a public benefit entity for the purposes of FRS 102 and therefore the consolidated financial statements have been prepared in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charity SORP) including Update Bulletin 2, the Companies Act 2006 and the Charities Act 2011.

The results of the subsidiary entities are consolidated on a line by line basis. A summary of the results of the subsidiary entities is shown in Note 11. The functional currency of the charity and its subsidiaries is sterling; amounts are rounded to the nearest pound.

Luton Cultural Services Trust has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its individual statement of financial activities. The Charity only surplus (net movement in funds) was £247,343 (2021: surplus of 1,284,240).

The group accounts consolidate the accounts of Luton Cultural Services Trust and its subsidiary undertaking, LCST Trading Limited, made up to 31 March 2022. The acquisition method of accounting has been adopted.

**b) Going concern**

In accordance with their responsibilities the Directors have considered and concluded upon the appropriateness of the going concern basis, which has been used in the preparation of these financial statements. In making this going concern assessment, the directors have had regard to the following matters:

- Budgets and cash flows to March 2024
- Relationships with the bank
- Impact of Covid-19 on commercial income and future Luton Rising donations.

The directors have assumed that sufficient funding will be made available to the company in the 12 month period following the approval of these financial statements. The Luton Rising and Arts Council revenue funding has been confirmed and this provides £1.5m secured income for the Trust in 2023/24.

During COVID-19, an overdraft facility was put in place to help the Trust manage cash-flow and this remains in place until February 2023. It is anticipated that the facility may still be required beyond this period and so an extension will be sought. The Trust is active in seeking opportunities to fundraise and to date has been very successful.

Nevertheless, after making these enquiries, and considering the uncertainties described above, the Directors have a reasonable expectation that the charitable company will have sufficient resources to continue in operational existence for the foreseeable future. For these reasons, the charitable company has continued to adopt the going concern basis in preparing the financial statements.

**c) Income**

Total incoming resources as shown in the Statement of Financial Activities is the total income of the group. All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income, the receipt is probable, and the amount can be measured reliably. The following specific policies are applied to particular categories of income:

**Luton Cultural Services Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2022**

**ci) Voluntary income**

Voluntary income is included in the Statement of Financial Activities when receivable.

**cii) Grants receivable**

Revenue grants are credited to the Statement of Financial Activities when the Charity has entitlement to the funds, any performance conditions attached to the grant have been met, it is probable that the income will be received and the amount can be measured reliably.

**d) Allocation of costs**

Central salary costs are apportioned on the basis of staff time attributable to each activity. Overhead costs are allocated to activities on a headcount basis.

**e) Costs of charitable activities**

The costs of each category of charitable activity are the costs directly attributable to that activity and allocated central costs.

**f) Governance costs**

Governance costs include all costs of compliance with constitutional and statutory requirements, including legal and audit fees and the costs of meetings.

**g) Depreciation**

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Long leasehold property improvements	10 - 50 years
Plant & equipment	5 - 10 years
Office furniture and equipment	5 years
Computer software	3 years

Items of equipment are capitalised where the purchase price exceeds £5,000. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Freehold property has been capitalised and included in fixed assets at cost. Depreciation has not been provided after taking into account the value of the land, the residual value of the property and the estimated useful life of the asset. The property is reviewed annually for any potential impairment.

**h) Stock**

Stock is valued at the lower of cost and net realisable value.

**i) Restricted funds**

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of management and support costs.

**j) Unrestricted funds**

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes. In accordance with FRS102, a pension reserve is included within unrestricted funds representing the defined benefit pension scheme. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

**Luton Cultural Services Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2022**

**k) Resources expended**

Resources expended are recognised in the period in which they are incurred and include attributable VAT which cannot be recovered.

**l) Costs of generating funds**

The costs of generating funds relate to the costs incurred by the group and charitable company in raising funds for its charitable work.

**m) Pension costs**

The pension liabilities and assets are recorded in line with FRS102 and relate to the defined benefit scheme set out in note 18. A valuation for accounting purposes is undertaken by an independent actuary. The value of benefits accrued and the net interest costs is used to determine the pension charge in the SOFA. The change in value of assets and liabilities, changes in benefits and changes in actuarial assumptions are recognised in the SOFA within "actuarial gains/(losses) on defined benefit pension scheme".

**n) Investment property**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost, and subsequent to development works will be adjusted to their fair value at period ends.

**o) Accounting estimates and key judgements**

In the application of the company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

**i. Useful economic life of tangible assets**

The annual depreciation charge for fixed assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are reassessed annually. These are amended where necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying value of assets and note 1g for the useful economic lives.

**p) Accounting estimates and key judgements**

**ii. Valuation of investment property**

The carrying value of the investment properties at 31 March 2022 is based on a valuation carried out in 2020 by an independent valuer who has the necessary skills and proficiency to undertake the valuation in a competent manner. The valuation was made on an open market basis and in determining the market value the valuer has drawn upon comparable market transactions in the local area. The valuation has been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standards 2017. As a result of the outbreak of Covid-19 and uncertainty in the property sector the report included a 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. The trustees have concluded that while a materiality valuation uncertainty exists in the report this does not impact the true and fair view of these financial statements. The trustees continue to keep the market value of the property under regular review.

**Luton Cultural Services Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2021**

**2 Income from charitable activities**

	<b>2022 Unrestricted £</b>	<b>2022 Restricted £</b>	<b>2022 Total £</b>	<b>2021 Total £</b>
Library related income	4,505	-	<b>4,505</b>	109
Museum related income	68,794	-	<b>68,794</b>	(199)
Community Centres related income	-	-	-	
Other income	1,327,169	300	<b>1,327,469</b>	900,380
<b>Total</b>	<b>1,400,468</b>	<b>300</b>	<b>1,400,768</b>	<b>900,290</b>

**3 Donations and Legacies**

	<b>2022 Unrestricted £</b>	<b>2022 Restricted £</b>	<b>2022 Total £</b>	<b>2021 Total £</b>
London Luton Airport	1,454,000	-	<b>1,454,000</b>	1,554,000
NLHF	-	224,320	<b>224,320</b>	826,432
Arts Council England - NPO museums	-	208,643	<b>208,643</b>	245,594
Architectural Heritage - Hat Works Project	-	-	-	280,000
Historic England - Hat Works Project	-	18,000	<b>18,000</b>	50,000
Linbury Trust - Hat Works Project	-	-	-	50,000
SEMLEP - Hat Works Project	-	122,000	<b>122,000</b>	115,000
The Steel Trust - Hat Works Project	-	-	-	15,000
Royal Opara House Bridge	-	-	-	-
Sch for Social Heritage Income	-	-	-	-
Creative people and places	-	-	-	174,268
Other Museums related	-	28,300	<b>28,300</b>	25,777
ACE- Lace Tree project	-	24,778	<b>24,778</b>	24,999
Misc Grants - Hat Works Project	-	10,000	<b>10,000</b>	15,000
Visitor donations	5,307	-	<b>5,307</b>	1,971
	-	-	-	
	<b>1,459,307</b>	<b>636,041</b>	<b>2,095,348</b>	<b>3,378,041</b>

**4 Investment income**

	<b>2022 Unrestricted £</b>	<b>2022 Restricted £</b>	<b>2022 Total £</b>	<b>2021 Total £</b>
Bank interest	-	-	-	69
	-	-	-	<b>69</b>

**Luton Cultural Services Trust**  
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**5 Total resources expended**

	Learning and Skills costs £	Arts costs £	Museum costs £	Cross-trust projects £	Governance costs £	Support costs £	<b>2022 Total</b> £	2021 £
Staff costs (Note 7)	28,196	74,307	517,168	79,474	-	560,731	<b>1,259,876</b>	1,749,750
Pension adjustment (Note 7)	17,859	47,066	327,572	50,338	-	355,165	<b>798,000</b>	421,000
Premises costs	(2,544)	107,959	155,485	(75,462)	-	11,012	<b>196,450</b>	170,432
Equipment	399	1,648	17,300	99,209	-	12,735	<b>131,291</b>	15,289
Library resources	2,135	-	-	-	-	-	<b>2,135</b>	(3,714)
Office Costs	-	8,799	8,467	9,242	-	74,012	<b>100,520</b>	66,414
Events, Exhibitions & Programmes	645	110,259	3,828	229,666	-	11,254	<b>355,652</b>	259,096
Marketing and Publicity	-	-	-	43,094	-	24,379	<b>67,473</b>	42,443
Legal & Professional Fees	-	-	-	4,468	35,160	85,290	<b>124,918</b>	44,341
Depreciation	-	-	-	-	-	161,587	<b>161,587</b>	149,238
Other costs	-	-	-	4,747	-	(42,416)	<b>(37,669)</b>	29,995
Interest payable	-	-	-	-	-	43,288	<b>43,288</b>	38,923
Unallocated Non reclaimable VAT	-	-	-	-	-	44,952	<b>44,952</b>	10,952
<b>Total resources expended</b>	<b>46,690</b>	<b>350,038</b>	<b>1,029,820</b>	<b>444,776</b>	<b>35,160</b>	<b>1,341,989</b>	<b>3,248,473</b>	<b>2,994,159</b>
Support Costs	32,865	246,394	724,898	313,081	24,749	(1,341,989)	-	1
<b>Total resources expended</b>	<b>79,555</b>	<b>596,432</b>	<b>1,754,718</b>	<b>757,857</b>	<b>59,909</b>	<b>-</b>	<b>3,248,473</b>	<b>2,994,160</b>

**Luton Cultural Services Trust**  
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**6 Net incoming resources for the year**

This is stated after charging:

	<b>2022</b>	2021
	£	£
Depreciation	146,289	149,237
Trustees' indemnity insurance	1,386	1,386
Auditor's remuneration		
- Audit fee for current year	20,625	19,000
- Additional fee for extended audit work	12,974	-
- Other services	420	-

No Trustees were reimbursed for expenses (2021: £nil).

**7 Staff costs and numbers**

Staff costs were as follows:

	<b>2022</b>	2021
	£	£
Salaries and wages	1,185,761	1,568,671
Social security costs	105,007	139,619
Pension contributions	123,073	169,990
Other pension costs	798,000	421,000
Redundancy and termination costs	8,908	85,451
	<b><u>2,220,749</u></b>	<b><u>2,384,731</u></b>

The Trustees received £nil remuneration in the year (2021: £nil). The trustees received reimbursement for expenses totalling £53 (2021: £nil). 1 employee received emoluments in the range £100,001 - £110,000 (2021: None). No employee received emoluments in the range £90,001 - £100,000 in the period (2021: 1). 2 employees received emoluments in the range of £60,001 - £70,000. The total remuneration for the key management personnel and the Chief Executive totalled £278,363 (2021: £294,156). Total employer pension contributions for key management personnel were £28,280 (2021: £30,082).

The average number of employees (full-time equivalent) during the period was as follows:

	<b>2022</b>	2021
	No.	No.
Chief Executive, finance and administration	8	10
Marketing ,business development and trading	8	12
Libraries, Learning and Skills	1	2
Museums	14	16
Arts	3	6
Community Centres	-	-
Operations	4	4
	<b><u>38</u></b>	<b><u>50</u></b>
<b>Average total headcount</b>	<b><u>50</u></b>	<b><u>50</u></b>

**8 Taxation**

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary LCST Trading Ltd donates available profits to the charity.

**Luton Cultural Services Trust**  
**Notes to the Financial Statements**  
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**9 Tangible Fixed Assets Group and Company**

**Group and Charity**

	Freehold property £	Long leasehold property £	Office furniture & equipment £	Plant & equipment £	Total £
<b>Cost</b>					
At 1 April 2021	2,210,369	2,698,713	174,394	762,117	5,845,593
Additions	164,262	-	-	82,397	246,659
Disposals	-	-	-	-	-
At 31 March 2022	<u><b>2,374,631</b></u>	<u><b>2,698,713</b></u>	<u><b>174,394</b></u>	<u><b>844,514</b></u>	<u><b>6,092,252</b></u>
<b>Depreciation</b>					
At 1 April 2021	-	429,451	166,610	553,354	1,149,415
Eliminated on dispos:	-	-	-	-	-
Charge for the year	-	98,635	2,484	45,170	146,289
At 31 March 2022	<u><b>-</b></u>	<u><b>528,086</b></u>	<u><b>169,094</b></u>	<u><b>598,524</b></u>	<u><b>1,295,704</b></u>
<b>Net Book Value</b>					
At 31 March 2022	<u><b>2,374,631</b></u>	<u><b>2,170,627</b></u>	<u><b>5,300</b></u>	<u><b>245,990</b></u>	<u><b>4,796,548</b></u>
At 1 April 2021	<u><b>2,210,369</b></u>	<u><b>2,269,262</b></u>	<u><b>7,784</b></u>	<u><b>208,763</b></u>	<u><b>4,696,178</b></u>

**10 Investments**

The Group continues to develop its investment properties and will undertake an annual revaluation on completion.

	<b>2022</b> £	2021 £
Market value at 1 April	3,523,220	3,507,932
Capital additions at cost	-	15,288
Impairment during the year	<u>(417,860)</u>	<u>-</u>
Market value at 1 April	<u><b>3,105,360</b></u>	<u><b>3,523,220</b></u>

The Charity has two investments properties, Hat House and Hat Studios both of which have been externally valued by an examiner. Hat Studios has been revalued in June 2020 and Hat House in August 2022. Development of the Hat Studios land is currently on hold and has been impaired to reflect a mid point value between cost and the June 2020 valuation. It will be externally valued in 2023. The valuations have been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standards 2017. As a result of the outbreak of Covid-19 and uncertainty in the property sector the report included a 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. See accounting policy note (1nii) for further details.



**Luton Cultural Services Trust**  
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**11 Subsidiary Undertaking**

The charitable company owns the whole of the issued ordinary share capital of LCST Trading Limited, a company registered in England and Wales (Company Number 06373488). The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. A summary of the results of the subsidiary is shown below:

	<b>2022</b> <b>£</b>	2021 £
<b>External Income</b>	495,959	262,643
Cost of sales	(283,854)	(242,615)
<b>Gross profit</b>	<u>212,105</u>	<u>20,028</u>
<b>Administrative expenses</b>	(103,608)	(77,543)
<b>Operating profit</b>	<u>108,497</u>	<u>(57,515)</u>
Interest receivable and similar income	11	94
<b>Charitable distribution to Luton Cultural Services Trust</b>	-	-
<b>Retained profit for the year</b>	<u>108,508</u>	<u>(57,421)</u>
<b>Accumulated profit</b>		
<b>The Balance Sheet comprised:</b>		
<b>Fixed assets</b>	-	-
<b>Current assets</b>	107,826	70,916
<b>Current liabilities</b>	(56,739)	(128,337)
<b>Creditors due after more than one year</b>	<u>-</u>	<u>-</u>
	<u>51,087</u>	<u>(57,421)</u>

**12 Stock**

	<b>Group</b>		<b>Charity</b>	
	<b>2022</b> <b>£</b>	2021 £	<b>2022</b> <b>£</b>	2021 £
Merchandise and Bar stock	<u>15,351</u>	<u>17,304</u>	<u>-</u>	<u>-</u>

**Luton Cultural Services Trust**  
**Notes to the Financial Statements**  
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*Agrees to*

**13 Debtors**

	<b>Group</b>		<b>Charity</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	£	£	£	£
Debtors and prepayments	422,309	360,313	360,756	325,615
VAT costs	27,685	141,626	27,685	141,626
Amount due from subsidiary	-	-	109,347	72,809
	<u>449,994</u>	<u>501,939</u>	<u>497,788</u>	<u>540,050</u>

**14 Creditors: amounts due within 1 year**

	<b>Group</b>		<b>Charity</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	£	£	£	£
Bank overdraft	-	102,879	-	102,880
Trade creditors	290,129	649,364	172,258	537,286
Accruals and deferred income	155,267	207,965	216,395	264,801
Social security costs	44,178	33,305	44,178	33,305
Finance leases due within 1 year	61,618	61,797	61,618	61,797
	<u>551,192</u>	<u>1,055,310</u>	<u>494,449</u>	<u>1,000,069</u>

Accruals and Deferred income line includes restricted income of £67,531 which has been deferred to the 2021/22 Financial year. This comprises £52,927 of Arts Council income, £4,000 from Heritage Trade up Programme and £10,604 of other museum related grants.

**15 Creditors: amounts due after 1 year**

	<b>Group</b>		<b>Charity</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	£	£	£	£
Finance leases due within 1 to 5 years	67,148	128,766	67,148	128,766
Bank loan	1,645,268	1,715,000	1,645,269	1,715,000
	<u>1,712,416</u>	<u>1,843,766</u>	<u>1,712,417</u>	<u>1,843,766</u>

The bank loan was taken out in September 2019 and is repayable in instalments by March 2043. Interest of £43,288 (2021: £18,743) was charged during the year. There is a first legal charge on the freehold property of 32 Guildford Street over the bank loan.

A CIBL loan was taken out in February 2021 and is repayable in instalments by March 2024. Interest of £Nil was charged during the year. Interest will be charged at 6.5% in subsequent years. The loan is not secured. There is a capital repayment holiday of 12 months.

**16 Analysis of group net assets between funds**

	Tangible fixed assets	Pension scheme liability	Current asset/(liability)	Long term creditors	Net assets at 31 March 2022
	£	£	£	£	£
Restricted funds	(423,417)	-	463,217	-	39,800
Pension reserve	-	(7,351,000)	-	-	(7,351,000)
General funds	8,325,325	-	-	(1,712,416)	6,612,909
<b>Total funds</b>	<u>7,901,908</u>	<u>(7,351,000)</u>	<u>463,217</u>	<u>(1,712,416)</u>	<u>(698,291)</u>

  

	Tangible fixed assets	Pension scheme liability	Current asset/(liability)	Long term creditors	Net assets at 31 March 2021
	£	£	£	£	£
Restricted funds	-	-	45,720	-	45,720
Pension reserve	-	(9,775,000)	-	-	(9,775,000)
General funds	8,219,398	-	(503,874)	(1,843,766)	5,871,758
<b>Total funds</b>	<u>8,219,398</u>	<u>(9,775,000)</u>	<u>(458,154)</u>	<u>(1,843,766)</u>	<u>(3,857,522)</u>

**Luton Cultural Services Trust**  
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**17 Movements in funds**

	At 1st April 2021	Incoming resources	Outgoing resources	Gain/(loss)	Transfers	At 31st March 2022
<b>Restricted funds:</b>						
Arts Council England - NPO museums	37,249	208,643	(127,903)	-	(80,740)	<b>37,249</b>
SEMLEP - Hat Works Project	-	122,000	-	-	(122,000)	-
Historic England - Hat Works Redevelopment	-	18,000	-	-	(18,000)	-
NLHF - Hat Works Redevelopment	-	224,320	-	-	(224,320)	-
Creative people and places - ACE	5,921	-	-	-	(5,921)	-
Grants Misc	-	10,000	-	-	(10,000)	-
Museum Development Fund	2,850	28,300	(25,800)	-	(2,799)	<b>2,551</b>
ACE- Lace tree project	-	24,778	(24,778)	-	-	-
<b>Total restricted funds</b>	<b>46,020</b>	<b>636,041</b>	<b>(178,481)</b>	<b>-</b>	<b>(463,780)</b>	<b>39,800</b>
<b>Unrestricted funds:</b>						
General funds	5,870,697	3,355,746	(2,659,454)	(417,860)	463,780	<b>6,612,909</b>
Pension reserve	(9,775,000)	-	(798,000)	3,222,000	-	<b>(7,351,000)</b>
<b>Total unrestricted funds</b>	<b>(3,904,303)</b>	<b>3,355,746</b>	<b>(3,457,454)</b>	<b>2,804,140</b>	<b>463,780</b>	<b>(738,091)</b>
<b>Total funds</b>	<b>(3,858,283)</b>	<b>3,991,787</b>	<b>(3,635,935)</b>	<b>2,804,140</b>	<b>-</b>	<b>(698,291)</b>

**Purposes of restricted funds**

The charity's funds comprise amounts restricted to specific activities and not yet spent.

**Creative People & Places-Arts Council England**

Arts Council England allocated funds to support the development and increase participation in creative arts activities in Luton.

**Luton Cultural Services Trust**  
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**17 Movements in funds (continued)**

**NPO Museum-Arts Council England**

The Arts Council England awarded Luton Cultural Services Trust National Portfolio Organisation status on 1st April 2019. Wardown Museum is a leader in their area. The grant income received in the year is extension year 3 of a 3 year programme of funding and investment to help deliver ACE's strategic objectives.

**South East Midland Local Enterprise Partnership (SEMLEP)**

SEMLEP has allocated grant from the Local Growth Fund in support of the Hat district capital project. A total of £3,961,000 has been awarded over 4 year programme.

**18 Pension scheme**

Luton Cultural Services Trust contributes to the Bedfordshire Pension Fund, a defined benefit pension scheme, to secure present and future pensions for its staff. For staff, employer contributions were 12.2% of pensionable salary from 1 April 2021 to 31 March 2022 (12.2% - 2021). Employee contributions were between 5.5% and 9.9% of pensionable salary dependent on salary.

The assets of the Scheme are held as part of the Bedfordshire Pension Fund. The valuation of the scheme is based on the most recent triennial funding valuation, updated by the scheme actuaries in May 2019, based on the provisions of FRS102. Investments have been valued, for this purpose, at fair value.

The principal assumptions used by the actuary to calculate the Scheme liabilities under FRS102 were as follows:

	<b>2022</b> <b>%pa</b>	<b>2021</b> <b>%pa</b>
Pension Increase rate	3.20	2.85
Rate of increase in salaries	4.20	3.85
Discount Rate	2.60	2.00

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. Although the post retirement mortality tables adopted are consistent with the previous accounting date, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation's model, CMI\_2020, which was released in March 2021. This update has been made in light of the coronavirus pandemic and reflects the latest information available from the CMI. The new CMI\_2020 Model introduces a "2020 weight parameter" for the mortality data in 2020 so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results. The assumptions are that a member aged 65 will live on average until age 86.9 if they are male and on average until age 89.3 if female. For a member aged 45 the assumptions are that if they attain an age of 65 they will live on average until age 87.8 if they are male and on average until 91 if female.

A building block approach is adopted in determining the expected rate of return on the scheme's assets. Historic markets are studied and assets with high volatility are assumed to generate higher returns consistent with widely accepted capital market principles. Each different asset class is given a different expected rate of return. The overall rate of return is then derived by aggregating the expected return for each asset class over the actual asset allocation of the scheme at year end.

	<b>Asset category as a percentage of plan assets</b>	
	<b>2022</b>	<b>2021</b>
Equities	61%	69%
Bonds	25%	19%
Property	12%	9%
Cash	2%	3%

**Luton Cultural Services Trust**  
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**18 Pension scheme (continued)**

<b>Amounts recognised in the SOFA</b>	<b>2022 £</b>	<b>2021 £</b>
Current service cost	(580,000)	(533,000)
Employer Contributions	-	230,000
Income interest on plan assets	-	412,000
Interest costs on defined benefit obligation	(194,000)	(511,000)
Administration expenses	(24,000)	(19,000)
	<u>(798,000)</u>	<u>(421,000)</u>
Remeasurements:		
Changes in financial assumptions	1,856,000	(8,629,000)
Change in demographic assumptions	-	205,000
Experience gain/(loss) on defined benefit obligation	(65,000)	211,000
Other actuarial gains/(losses) on assets	-	-
Liabilities assumed / (extinguished) on settlements	-	2,859,000
Settlement prices received / (paid)	-	(2,123,000)
Return on assets excluding amount included in net interest	1,296,000	3,156,000
	<u>3,222,000</u>	<u>(4,321,000)</u>
<b>Total amounts recognised in the SOFA</b>	<u>2,424,000</u>	<u>(4,742,000)</u>
<b>Amounts recognised in the balance sheet</b>	<b>£</b>	<b>£</b>
Fair value of scheme assets	22,226,000	20,930,000
Present value of funded obligations	(29,577,000)	(30,705,000)
<b>Net (liability) recognised in the balance sheet</b>	<u>(7,351,000)</u>	<u>(9,775,000)</u>
<b>Changes in fair value of scheme assets</b>	<b>2022 £</b>	<b>2021 £</b>
<b>Scheme assets at start of period</b>	20,930,000	19,784,000
Interest income on plan assets	415,000	412,000
Return on assets excluding amount included in net interest	1,296,000	3,156,000
Other actuarial gains/(losses)	-	7,000
Administration expenses	(24,000)	(19,000)
Contributions by employer	135,000	230,000
Contributions by scheme participants	73,000	99,000
Benefits paid	(599,000)	(616,000)
Settlement prices received / (paid)	-	(2,123,000)
<b>Scheme assets at end of period</b>	<u>22,226,000</u>	<u>20,930,000</u>
<b>Changes in present value of scheme liabilities</b>	<b>2022 £</b>	<b>2021 £</b>
<b>Scheme liabilities at start of period</b>	<b>30,705,000</b>	<b>24,824,000</b>
Current service cost	580,000	475,000
Interest costs on defined benefit obligation	609,000	511,000
Changes in financial assumptions	(1,856,000)	8,629,000
Contributions by scheme participants	73,000	99,000
Actuarial (gain) / losses	65,000	(211,000)
Other remeasurements	-	(205,000)
Liabilities assumed / (extinguished) on settlements	-	(2,859,000)
Past service costs	-	58,000
Benefits paid	(599,000)	(616,000)
<b>Scheme liabilities at end of period</b>	<u>29,577,000</u>	<u>30,705,000</u>

**Luton Cultural Services Trust**  
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**18 Pension scheme (continued)**

**History of defined benefit scheme**

	<b>2022</b>	2021	2020	2019
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fair value of scheme assets	22,226,000	20,930,000	19,791,000	21,116,000
Present value of scheme liabilities	(29,577,000)	(30,705,000)	(24,824,000)	(27,780,000)
<b>Net defined benefit liability</b>	<u><u>(7,351,000)</u></u>	<u><u>(9,775,000)</u></u>	<u><u>(5,033,000)</u></u>	<u><u>(6,664,000)</u></u>
 Experience gains/(losses) on scheme assets	 1,296,000	 3,156,000	 (1,764,000)	 716,000
 Experience gains/(losses) on scheme liabilities	 65,000	 211,000	 1,451,000	 (1,770,000)

The estimated contribution for 2022/23 is £135,000.

**19 Related parties**

There were no related party transactions undertaken by the charity in the year. (2021: £Nil)

**20 Capital commitments**

Contractual commitments for professional fees and to refurbish the Hat District properties at the year end were £Nil (2021: £100,540).

**21 Operating leases**

Non-cancellable operating lease rentals payable in the year were £nil (2021: £nil). There are no contractual commitments for non-cancellable lease rentals at the year end.

**22 Contingent Liabilities**

As at the year end, there were two open employment tribunals which have been resolved subsequent to the year end. The net cost to the charity for settling these cases is nil.