

Company no. 06373488
Charity no. 1122964

Luton Cultural Services Trust
Annual Report and Financial Statements
For the year ended 31 March 2023

**LUTON CULTURAL SERVICES TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023**

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Report of the Board of Trustees for the year ended 31 March 2023

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 2023 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 delighted to report a busy and active year across all our sites with audiences just about returning to Pre-COVID levels. This year we have adopted two important plans, our Creative Plan (2022-5) and our Commercial Plan (2022-5). These provide a framework for tactical changes that will grow audiences, impacts and incomes. Adopted towards the end of this financial year, we built up a significant programme of activity to inform them and test ideas with partners, collaborators and customers. The following activities demonstrate the type of work we delivered this year across our sites;

Hat Factory Arts Centre & Hat District

- **Black History Month:** this year we presented a large and diverse programme across one of our three core sites at the Hat District welcoming over 2000 people. We collaboratively presented film, children's events, community theatre, an outdoor culture market, panel discussions, and live music from local and international musicians. We were honoured to host Nigerian-British musical legend Deli Sosimi, who participated in a pre-show Q&A about his experiences touring with Fela Kuti. Events such as 'Being Black in Luton' and the 'Culture Market' resonated with audiences and we have committed to building these into our year-round programme. Comments included: *'It has been great for me to have the opportunity to work with The Culture Trust. The Trust has provided access and support which has enabled me to develop my practice in ways and directions I had previously struggled to achieve. This has helped to improve my confidence and creativity'*, and *'A truly moving experience which I could connect to on a personal level. Something I will cherish forever'*. We have grown our partnerships with individuals and communities which have been rewarding and valuable.
- **Reasons You Should (n't) Love me:** At the Hat Factory Arts Centre, we hosted Amy Trigg - winner of The Women's Prize for Playwriting 2020. Her show explored the experience of spina bifida on a young women the relationships she makes. A developing relationship with University of Bedfordshire saw 30 drama students attend the show as part of an assessed module. Comments from the staff and students included *'For a one*

woman show it was incredible how she was able to take me on a journey through practically every emotion. Thoroughly enjoyed it and will definitely look at what is coming up in the Spring.’ and ‘As a student, it is invaluable to have national work right here in Luton. It really helps to be able to see work at a fraction of the price of London.’ We are working University tutors to see how we can embed more work into the students’ curriculum, and use our programme to support their learning.

- **Live From the Hat Factory:** We commissioned two partners to curate a live music line-up for our new music programme. The events are aimed at 18 – 30 year olds audiences and have been designed to support a developing Luton’s night-time economy. UK producers and artist collective *Forever International* brought a high energy line up of rap, freestyle, and DJs to the venue, with audiences travelling from London and Bedford to see the show. Luton Urban Radio curated the second event and hosted Luton’s Youngest Female DJ alongside other new radio and DJ talent. A dress code (wear all black!) and strong social media built a buzz around the event and brought a new and young crowd to the Hat Factory and Luton Town Centre. This new music night fills a gap in town and we plan to grow and developing the event.
- **LGBTQ+ History Month:** Building on the success of our LGBTQ+ programme across the last 12 months, we marked LGBTQ+ History Month with a programme of film, theatre, visual arts and events. We launched *Hat District Lates* in collaboration with ‘PRIDE in Luton’. It included live painting from award-winning international artist Vishal Joshi, lino-printing sessions with Snail - the Luton artist famed for their design of London Trans+ Pride banner, and Q&As with LGBTQ+ community organisations. In response to strong and supportive feedback, are developing more regular LGBTQ+ programmes outside of this month, starting with our first Drag Club Night at the end of March, hosted by Asifa Lahore, the first out Muslim Drag Queen.
- **Lounge development:** Designer Lauren Connolly has been selected to develop and design the new LGBTQ+ friendly space in the Hat Factory Basement. As part of BLCF grant, we commissioned a soft-touch redesign of an under-used space ahead of it’s launch as a new ‘lounge’ in 2023. Lauren has designed for The Royal Shakespeare Company, Watford Palace Theatre and Greenwich Theatre. She has also been lead stylist on events for companies including Sky and NOW TV.
- **Young men’s Mental Health Theatre project:** In June we facilitated two research and development sessions with Mandala Theatre and young males aged 16 – 25. These focused on men’s mental health. The workshop includes creative writing and spoken word tasks with a professional practitioner. Mandala Theatre will return to Luton in October for a shared reading and then with the full production in Spring 2023. Mandala Theatre stated that we had brought together the most diverse and engaged group of young people of all their R&D sessions conducted across the UK.
- **World Aids Day for Hat District Lates:** in December we partnered with Luton Sexual Health and Pride in Luton to mark World Aids Day. Alongside a DJ and food from Monstera Canteen, the evening programme consisted of networking and speakers from industry professionals, an arthouse film screening with links to the AIDs pandemic in the 80s, and an exhibition of dresses from nationally celebrated designer Mandy Webb inspired by her HIV positive status. The co-chair of PRIDE and employee of Luton Sexual Health said *The continued support for the LGBTQ+ community that The*

Culture Trust has given is invaluable and being able to raise awareness of themes and topics of importance to the community within a professional venue in the town is fantastic. I am looking forward to watching the next developments of this relationship.'

- **Producers Hub:** as part of our regular creative socials in the Hat District, Luton's Creative People and Places programme, Revoluton, and 1 Degree East hosted the first session of their new Producer Hub which we co-hosted. Some attendees were new to the Hat Factory and were not aware of its potential as creative and cultural ambassador for their work. We invited the partners to develop the Producer Hub at the Hat Factory and offered support in developing its scope.
- **Creative and cultural careers:** In June, the trust hosted a Creative Network event to support the Local Cultural Education Partnership (LCEP) in sharing information about Creative and Cultural Activities across the Trust, and we shared experiences on how to effectively and engagingly design new cultural learning sessions. The cohort of 20 teachers from Luton Primary schools were shown the site and examples of hands on, object focussed sessions inspired by our collections as well as a sneak preview of the new 360 Virtual tour and Arts Award Discover log book inspired by the portraits of Theodore Kern in the hall way. Working with the Careers advisor from The Chiltern Academy we designed and co-produced a programme of cultural skills and careers support.
- **Wellbeing Art Therapy:** We are continuing to work with Moriom Grillo from the Butterfly Project and the Recovery College to deliver Art Therapy at the Hat Factory. The current 3-month course has 10 participants benefiting in depth. Feedback has been positive and the sessions have had clear impacts on participant's lives, with the Hat Factory now being referred to as 'safe space'. We are also piloting a series of light-touch wellbeing initiatives at our public programmes. The interventions are designed to provide an accessible taster of Art Therapy and to reduce the social stigma of voicing concerns and seeking help. From October – December we will use the Hat District Lates platform to introduce these discreet arts-based activities
- **Youth Theatre:** Our longstanding partner Next Generation Youth Theatre (NGYT) celebrated their 10-year anniversary in July. Across 2022 -23 they have already supported 5000 young people to access their provision. The celebration included public performances from their Young Dance and Theatre companies and a debut from their new Musical Theatre company. Three of the events were sell outs with the others achieving strong numbers. Public feedback included comments such as *"What an amazing night!"* and *"... so much talent in one room"*. We are working with NGYT Directors to develop new strategic models of partnership including a bursary programme, the pilot of a technical production course, and shared fundraising bids to increase reach and scope. From April NGYT Friday Musical Theatre classes will also be hosted with us which in total means all of NGYT's town centre activity will be held at the Hat Factory.

Stockwood Discovery Centre:

- **Young People's creative workshops:** The third iteration of this project has been adapted to further benefit the young people taking part, with multiple interventions in school and on site at Stockwood Discovery Centre. This time, participating students have been put forward by Stockwood Park Academy. All participants are at being at risk of exclusion due to Emotional Based School Avoidance (EBSA). Students have participated in creative workshops with sound producers MakeAmplify and choreographers BEEE Creative. Students are supported to produce digital, projection and movement responses to our collections, this time with an added focus on illumination and the importance of the site's trees and greenery.
- **LGBTQ picnic:** In September we hosted the 'Big Gay Picnic'. As part of the Trust's commitment to improving LGHBQT+ visibility in Luton, we worked with the PRIDE in Luton committee to promote the community's first public get together since the success of PRIDE in June. The event was open to all featured live music and performance, and a food and drink from our cafe. The partnership event helped demonstrate Stockwood as safe and friendly space for the community and a contribution of £600 has been pledged to the Trust for programming in LGBTQ+ History Month in February 2023.
- **Schools Linking Networks:** We recently hosted the annual briefing for the Schools Linking Network (SLN) at Stockwood Discovery Centre, welcoming staff representatives from the partnering schools. The SLN aims to help young people build relationships with children they might otherwise not meet – children of different ages, ethnicities, religions and backgrounds. This year the SLN are funding all partner schools 'neutral' visits to Stockwood. This brought over a 1000 children from 10 different schools between January and February 2023 to our site. This was an incredible opportunity to make new cultural learning partnerships and the team and developing a plan that can support and encourage repeat attendance from the schools and their families through the year.
- **Stockwood Illuminated:** in December we opened our annual winter light trail. Produced in-house, the trail celebrates the beauty of the historic Grade II listed gardens. The trail includes many interactive elements which we know from previous events are popular with younger audiences. Data from 2021's record breaking event showed that the later slots tended to be less busy; so this year we trialled 'Illuminated Lates' each Saturday evening to bring some of the popular 'Hat District Lates' energy to Stockwood, featuring live music and an increased hospitality offer. The opening weekend saw over 1000 people, with tickets for the rest of the run continuing to sell at a pace of approximately 600 a day. Feedback has been extremely positive and included: *'You have totally surpassed yourselves, this is the best one ever'* and *'This is excellent value and such a good show thank you, we will be back.'*
- **Horticulture Student Placements:** With Central Bedfordshire College we hosted three Horticulture Placement students for a period of 5 months. Students were based at Stockwood Discovery Centre and worked directly alongside our Gardeners 3 days a week. This is a really valuable partnership and with Placement managers we ensured both students and trust staff feel supported to deliver and participate constructively.
- **Febfest:** as part of our annual collaboration with Bedfordshire producers and theatre makers, *Full House Theatre*, Stockwood Discovery Centre hosted four February Half-term shows – each of them a sell-out. This included a Samba Drumming Workshop for children aged 5 – 12 to explore

Brazilian Carnival percussion, and an interactive theatre show for children aged 3+ titled Curious Investigators, where the audience helped the cast investigate their recycling.

Wardown House Museum & Gallery welcomed

- **Up on the Roof** took audiences to explore the rarely seen ornate brickwork, chimneys and WW1 graffiti on top of Wardown House Museum and Gallery. 8 fully booked tours took place across the day with queues building before the doors opened. Programmed as part of National Heritage Open Days, we learned there is huge appetite for 'behind the scenes' activity and are planning more Curators days, talks, and archive tours. Activity is being designed with our 1-mile community to ensure it's relevant and appealing to our local Bangladeshi, Pakistani and Polish communities.
- **Hat Research Centre:** In November, the students of Morley College's Millinery Course – one of just a few remaining in the UK – visited Wardown House to look at objects from our collection. We presented a history of the collection, the history of Luton's hat industry, and object-specific information on the thirteen headdresses they had selected for research. Afterwards the students were excited to look at the Straw Plait collection and British Millinery magazines, before visiting the permanent galleries. The Head of Morley College and milliner Vesna Pesic said *'Thank you very much for showing us all the beautiful treasures. Everyone enjoyed very much.'* During the Spring semester the students created a hat inspired by the collection, which featured as a small display.
- **Music in the Museum** programme presented classical Harpist Gabriella Dall'Olio (BBC, Radio France, RAI, Bayerischer Rundfunk and Radio Suisse), and the multi-instrumentalist Clare Hoffman (London Symphony Orchestra, Philharmonia, BBC Symphony Orchestra) on the violin and viola. Social media feedback included *'It's an absolute delight to listen to beautiful music in such an intimate and perfect setting. Thank you'*. Ticket trends for these events continue to be positive with almost every event sold out.
- **Collection Development:** We received a donation of artwork from Gordon de la Mothe. In the late 1970s Gordon de la Mothe was a member of the 'Rainbow Art Group', an intriguing new initiative involving a number of London artists in promoting the art of minority communities. Born in Carriacou, Grenada, Gordon moved to the UK and studied at Luton College of Art. Our Curator is in contact with Gordon and we hope to bring an exhibition of his work to Luton along with other pieces currently on display at Maidstone Museums. We also welcomed artist Judit Czimer-Szendrei as part of Hat District Lates Jubilee Celebration as part of the official donation of her artwork *God Save the Queen*. The event was attended by Katalin Oroszi, Cultural Attaché for Hungarian Embassy.
- **Diversifying our collection;** As part of curatorial and Equity, Diversity and Inclusion Strategy (EDI) we are increasing representation and diversity in the Museum collections, we have secured the donation of a Lucy Barlow 'Speaker Hat'. Lucy Barlow first became interested in creating hats for men with locks while visiting the reggae record store Daddy Cool. This piece was inspired by the way music can lift the spirit and was made for musician Klaywithak. We have also acquired a rainbow headdress worn by Asifa Lahore, the first out Muslim Drag Queen. We plan to profile a range of

exhibition items across South Asian Heritage Month (July – August), and Black History Month (October) with an additional speakers programme and digital highlights.

- **Windrush:** We worked with with local groups including the ACCDF and ULCAC to acknowledging the 75th anniversary of Windrush. Part of this included supporting RUSH75, a new film project by local Caribbean artists aiming to celebrate the influence of the Windrush generation on Luton. We are also looking to develop new narratives across the Museum with objects that tell new narratives, which is an Arts Council NPO funded development area for the Museum.
- **Lace in Fashion temporary exhibition** opened at Wardown, highlighting a selection of lace from our extensive collection and demonstrating how lace was used in fashion. The chronological display runs from the 1600s to the 20th century including costume, accessories and trimmings. Over 5000 people have seen the exhibition, and we know from social media that multi-site Lace Projects approach is successful, with audiences posting pictures online and commenting. One online visitor posted a picture with comment *'The [Lace Trees] artist said her inspiration came from the lace at Wardown House Museum. Well here is the proof! The lace is part of the exhibition Lace in Fashion...'*
- **Schools visits:** We hosted Ecton Brook Primary School from Northampton, who brought a large group of 90 children to Wardown House. They came specifically to experience the Stone Age to Iron Age sessions, which we tailored to suit their needs. The Head Teacher joined the trip and wrote to pass on their thanks: *"We would like to thank you for a marvellous day yesterday. We thoroughly enjoyed the trip. It was a godsend having the schedule and a room that had easy access to toilets and for storing our things. We loved the sessions and they were well timed and paced. The children also enjoyed the museum a great deal. As teachers, we felt that the organisation was strong and that the facilities were perfectly suited to our needs. We look forward to seeing you in 2023"*. This reiterates the importance of the 360 experience for schools, who value easy planning as well as a robust cultural offer. This type of feedback is being used to attract new schools and increase our regional profile.

Hat District Creative Cluster

- **Hats Made Me... dance:** NGYT were commissioned to create a pop-performance for *Hat District Lates* in March. The performance was inspired by the Hat and Headwear Exhibition, in particular a visor worn by Beyoncé on the cover of Vogue. The commission featured 9 young dancers from NGYT's award-winning dance company Meraki. The performances took place in the windows of Hat Factory and Storefront Gallery, as well as outside on Bute Street. Performed four times across the evening, the dancers brought regular crowds to the Hat District, with some being encouraged inside to explore the wider event. A passer-by commented *'That has made my day and really put a smile on my face. It is so lovely to see young people happy and doing something they love rather than just hanging around on street corners.'* Dancers will now work with up to 10 local schools to rehearse playground-flashmobs to be performed on the opening week of Hats Made Me in April.

- **Hat District Tours:** In July we partnered with local Civil Engineering contractor Reybridge to show 90 pupils from Wigmore Primary School around the Hat District and Plaiters Lea area. Reybridge are constructing the neighbouring 'Hat Gardens' and engaged us to share our vision for the area. As part of the tour we introduced pupils to theatre and exhibition spaces and worked with teachers to design a quiz on their Hat District knowledge. The Headteacher at Wigmore Primary commented *"it was a great opportunity for the children, thanks to everyone who helped organise it"*. He also invited our Cultural Learning team to the school to give a follow arts-based learning session on Luton's hat making heritage
- **Preacher, Punisher and Judge Dredd, the works of British Comic Book Legend Steve Dillon:** Working with the Dillon family and our team curated an exhibition of 54 artworks spanning four decades. The artist is internationally celebrated and over 300 free tickets were booked in first 2 weeks. This exhibition featured in the Guardian's Culture Magazine in late June, with an interview from Garth Ennis (creator of Amazon Prime's 'The Boys') who was one of Steve's best friends. Steve's brother Glynn attended the launch of the exhibition and gave Q&A about his own work as a costume designer for the Star Wars and Batman franchises. This exhibition in a non-gallery context worked well. Hat House basement provides a platform for more urban, experimental and eclectic exhibitions and new audiences.
- **Heritage Lates:** learning from our successful monthly creative socials, the Hat District celebrated National Heritage Open days with a stacked programme of heritage inspired artistic interventions. The programme featured live mixed moving image projected and live streamed around the building, looped social heritage films from Holding Space collective, the launch of 'On the Wings of a Wirebird' by Sophie Greswell, artist led-discussion exploring cultural identity, and Luton Urban Radio's Niv Hammond playing heritage Jazz recordings. Over 540 people attended the event demonstrating a significant appetite for a socially led intersectional heritage/arts offer in the Hat District.
- **Hat District Capital Project - publication:** To conclude this six year regeneration project adapting three former factories for contemporary use, we wrote a book about the six year journey which has now been published. Authored by our CEO Marie Kirbyshaw and our Head of Collections and Heritage Elise Naish this book sets out the vision and the journey of change, funding partnerships, heritage transformations. It was illustrated mainly with by local photographer Shaun Armstrong who was commissioned over four years to document the building and area transformation. A copy of the book was presented to funders at the formal Opening Event. A lecture series followed where we were invited to speak about the project at national forum and organisations.

With such breadth to our work, we welcome opportunities to share knowledge and skills and our passion for arts and culture. We welcomed a delegation from Kashmir to explore the Hat District and share ideas about exchanges, mutual promotion and tourism. The conversation was engineered by Cllr Aslam Khan (Deputy Leader Luton Borough Council) and we formally greeted Tehzeeb Un Nisa (Director General of Tourism & Archaeology) Malik Fiyaz (Deputy Director of Tourism & Archaeology) and their party. Our CEO Marie Kirbyshaw was also honoured to be invited by HM Lord-Lieutenant of Bedfordshire Susan Lousada and Luton Borough Council, as a representative of the Trust to meet His Majesty King Charles on his visit to Luton on 6th December 2022. This was a good opportunity to tell him that his mother's hats were dyed in Luton and he showed an interest in the history of Hat Making.

I am particularly thankful to the Officers and Councillors for their active and continued support in the Culture Trust; our partnership with Luton Borough Council and donation from Luton Rising enables us to contribute significantly towards Luton 2040 ambitions and specifically towards delivering outcomes aligned with the Arts and Cultural Strategy 'Harnessing momentum' and the Heritage Strategy 'Curating Luton'. We also, through our Hat District and Hat Factory programmes, creative workspace and activity, contribute significantly towards town centre regeneration, tourism, inward investment and the local and night time economy.

I would also like to thank Arts Council England, who support our National Portfolio Delivery and have approved a further investment of £760,746 (over three years) to support the continuation of our exemplary museum activity at Wardown House Museum Galley until the 2023-2026. We look forward to continuing our rewarding work through this three year funding agreement. In addition, Arts Council awarded us additional funding of £237,167 (over three years) to deliver new programme in the Hat District called 'Talent, Alumni and Progression' to connect local people with creative career opportunities, mentors and for us to map progression. We are very excited about launching this programme and working in partnership with the Cultural and Education Sectors in Luton to map out routes in and out of formal education and cultural provision.

I recognise this has been another challenging year for the Trust the cost of living pressures impact on operational costs and customer priorities on spend, but our funders and partnerships, staff and trustees have enabled us address these challenges and support our users, partners, volunteers and tenants. Of course it is with ongoing thanks and praise that I commend our Culture Trust staff team, the leadership team and CEO for their commitment and drive to achieve our mission to *connect communities with culture*.

A handwritten signature in black ink, appearing to read 'Andrea Stark', with a horizontal line underneath.

Andrea Stark
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.

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

The following examples demonstrate how we deliver to these two key principles of public benefit:

As Cultural Venue experts we widen public participation in exemplary arts and cultural activity. We do this by:

- Welcoming over 200,000 cultural visitors to engage with heritage, museums, arts and culture at our three sites.
- Removing social and poverty barriers by providing free to access museums and heritage sites for all.
- Ensuring Customer satisfaction. Wardown and Stockwood are Trip Advisors 2nd 3rd top 'things to do in Luton'. Wrest Park is number 1 (which is not in Luton).

As good custodians, we advocate for and care for heritage, museum collections and historic buildings:

- Over the last ten years we have raised £13m to invest in improving local and publicly owned heritage buildings, sites and Museums
- We deliver accredited Museum services and collection care with specialist curatorial expertise and free public access

- We raise awareness of our environment, sustainability and commit to becoming Net Zero at Stockwood Discovery Centre playing our part in Luton 2040
- We invest in the running and operation of our Luton's heritage sites annually contributing to their upkeep and ensuring free public access to safe and inspiring venues.

As one of the largest Creative Industries in Luton we significantly to contribute to the economy by:

- Employing 45 staff and provide significant work for industry freelances, tech, duty officers, artists, producers, security and bar/catering staff.
- Supporting **19 creative businesses & entrepreneurs** with bespoke creative workspace.
- Delivering **£3.6 million of GVA impacts** through the Hat District Cultural Economy
- Committing **£1.2m** into the local economy each year for local services/trade/contracts

As investors in Luton Town Centre Cultural Regeneration by:

- Developing historic former hat industry buildings that have been neglected or abandoned. We invest in high quality heritage conservation and improve the high street creating community pride and tourism to Luton Town centre
- Growing our Hat District town centre creative workspace provision from 17,000sqft to 30,000sqft
- Animating our town centre with innovative, exciting and stimulating art, public art, window display and outdoor projections creating a desirable town centre destination.
- Contributing to the night time economy through our year-round venue programme of live music, Hat District Lates, film comedy and café entertainment.

As promoters of the skills and talent in young people we;

- Enable **15,000 young people** (0-25 years) to participate in cultural skills workshops and provide them with carer advice and a pipeline for creative careers.
- Nurture **75 creative industry micro-businesses** with affordable hot-desking space
- Engage with Schools in Luton, supporting teachers and students with curriculum delivery and out of school activities.
- Provide a platform for creative people to perform, practice and nurture their talents in professional venues in front of live audiences to develop their confidence and communication skills.
- We invest in skills, develop talent, commission research and collaborate in order to foster growth

Financial Review

During the year, turnover decreased by 28.9% to £2.838m (2021/22, £3.991m) due mainly to the loss of £1,327,168 of cultural recovery fund and furlough support. This reduction in income was partly offset by a slight increase in fundraising, museum and library oncome and an increase in trading income. The

total resources expended increased by 18.36% to £4.304m (2021/22, £3.636m) reflecting the increased expenditure for the £230k increase in premises costs, being the increase in utility bills and the increase in the cost of living pay award.

The principal funding sources of income to the Trust itself is grants of £1,913,232 (2021/22, £2,095,348) 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 £772,000 (2021/22, £798,000) to a net expenditure of £1,471,487 (2021/22 net income of £355,852). In addition £112,204- (2021/22, £39,800) 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 £7,351,000 to Nil 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 £8,123,000. This has produced a consolidated net liabilities position of £18,816,000 (2021/22, £29,577,000). 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 the increasing interest rates the trust was able to produce a modest amount of investment income in the year although the ability to generate a higher return was depressed due to the reduced cash balances.

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 £5,553,511 (20121/22, £6,561,526) is held in the general fund reserves, which includes fixed assets and investment properties, and £112,204 (2021/22, £39,800) 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 31st March 2023 would be £600,000 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

Building on our newly adopted Creative Plan and Commercial Plan we have been developing a new Trust-wide Business Plan which will come into action from April 2024-6. It is being built out of a series of workshops and activities with board, staff and the leadership team. Nine emerging priorities will form the key structure of the document for delivery, recognising that we need to focus on our specialisms and grow existing strengths.

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
Devonshire House,
60 Goswell Rd, Barbican,
London EC1M 7AD

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 Nicholas Gibson (Chair until 24/03/2022)
Mr Geoffrey Mulgan
Ms Andrea Stark (Appointed as Chair from 15/12/2022)
Mr Safeer Ahmed (Appointed 29/09/22)
Ms Joanne Prior
Mr Bilal Hussain
Mr Sufian Sadiq
Mr Robert Smalley
Mr Andrew Strange
Dr Carlota Larrea
Ms Julma Begum

Key Management Personnel

Ms Marie Kirbyshaw	Chief Executive
Mr Samuel Javid	Creative Director (resigned 16/8/2023)
Mr Guy Smith	Director of Operations and Business Performance (Resigned 15/07/22)
Mr Ashley Bishop	Director of Customer Experience (Appointed 05/12/22)
Ms Vanessa Penzo	Director of Finance & Resources/Company Secretary (resigned 8 September 2023)
Ms Tracey Sage	Interim Creative Director (appointed 31/8/2023)
Ms Gillian McKay	Interim Finance Director (appointed 7 September 2023)

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 2023 was 12.

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 62.5% 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. The Trust carries a risk of bad debts and vacancies as potential and existing tenants are affected by the cost of living crises.

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 £1,563k 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 continues to adversely impact cash flow and continues to present 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 2022/23, arose from the sale of merchandise at our various locations, room hire, events management, weddings, café and bar sales.

LCST Trading had income of £641,336 (2021/22 £495,959) and there was a surplus of £254,163 on trading (2021/22 £108,508) so a donation of that surplus was made to the Trust.

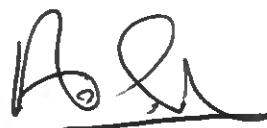
Our key performance indicators are summarised in the table below (number of customers engaging with the Trust's activities during 2022/23 as compared to the previous year): For activities, please refer to the activities outlined in the Chair's report.

Service	2021-22 Actual (k)	2022-23 (k)									
		Q1 Target	Q1 Output	Q2 Target	Q2 Output	Q3 Target	Q3 Output	Q4 Target	Q4 Output	Full Year Target	Full Year Output
Arts*	56,392	20,738	16,023	18,750	14,707	25,523	16,854	15,240	14,031	80,251	61,615
Museums**	97,981	58,999	36,969	75,960	52,453	37,307	28,762	32,067	25,655	204,333	143,839
Total	154,310	79,737	52,992	94,710	67,160	62,830	45,716	47,307	39,686	284,584	

Auditors

A resolution to re-appoint Moore Kingston Smith LLP as the charity's auditors was proposed at the AGM meeting held on 26 September 2023.

Approved by the Board of Trustees on 26 September 2023 and signed on its behalf by



Andrea Stark
Chair of Trustees

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 2023 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 2023 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.

Date 22 November 2023

A handwritten signature in black ink that reads "Moore Kingston Smith LLP." The signature is written in a cursive, flowing style.

James Saunders (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor Devonshire House
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 2023

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £	Total Funds 2022 £
Income from:					
Donations and legacies	3	1,550,919	362,313	1,913,232	2,095,049
Charitable activities	2	276,107	300	276,407	1,400,768
Other trading activities	11	641,625	-	641,625	495,971
Investments	4	821	-	821	-
Total Incoming Resources		2,469,472	362,613	2,832,085	3,991,788
Expenditure on:					
Raising funds	11	543,356	-	543,356	387,462
Charitable activities	5	3,430,353	297,409	3,727,762	3,213,313
Other costs	5	32,454	-	32,454	35,160
Total Resources Expended		4,006,163	297,409	4,303,572	3,635,935
Net incoming/(outgoing) resources before transfers		(1,536,691)	65,204	(1,471,487)	355,853
Transfers between funds	17	(7,200)	7,200	-	-
Net income/(expenditure)		(1,543,891)	72,404	(1,471,487)	355,853
Other gains/(losses)					
Investment property impairment	10	(137,859)	-	(137,859)	(417,860)
Actuarial gains/(losses) on defined benefit pension scheme	18	8,123,000	-	8,123,000	3,222,000
Net movement in funds		6,441,250	72,404	6,513,654	3,159,993
Total funds brought forward		(738,091)	39,800	(698,291)	(3,858,284)
Total funds carried forward		5,703,159	112,204	5,815,363	698,291

Luton Cultural Services Trust
Consolidated Statement of Financial Activities
For the year ended 31 March 2022

		Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
	Note			
Income from:				
Donations and legacies	3	1,459,307	635,742	2,095,049
Charitable activities	2	1,400,468	300	1,400,768
Other trading activities	11	495,971	-	495,971
Investments	4	-	-	-
		<hr/>	<hr/>	<hr/>
Total Incoming Resources		3,355,746	636,042	3,991,788
		<hr/>	<hr/>	<hr/>
Expenditure on:				
Raising funds	11	387,462	-	387,462
Charitable activities	5	3,034,832	178,481	3,213,313
Other	5	35,160	-	35,160
		<hr/>	<hr/>	<hr/>
Total Resources Expended		3,457,454	178,481	3,635,935
		<hr/>	<hr/>	<hr/>
Net (outgoing)/incoming resources before transfers		(101,708)	457,561	355,853
		<hr/>	<hr/>	<hr/>
Transfers between funds	17	463,780	(463,780)	-
		<hr/>	<hr/>	<hr/>
Net income/(expenditure)		362,072	(6,219)	355,853
		<hr/>	<hr/>	<hr/>
Investment property impairment	10	(417,860)	-	(417,860)
Actuarial losses on defined benefit pension scheme	18	3,222,000	-	3,222,000
		<hr/>	<hr/>	<hr/>
Net movement in funds		3,166,212	(6,219)	3,159,993
		<hr/>	<hr/>	<hr/>
Total funds brought forward		(3,904,303)	46,019	(3,858,284)
		<hr/>	<hr/>	<hr/>
Total funds carried forward		(738,091)	39,800	(698,291)
		<hr/>	<hr/>	<hr/>

Luton Cultural Services Trust
Consolidated Balance Sheet
As at 31 March 2023

	Note	The Group 2023 £	2022 £	The Charity 2023 £	2022 £
Fixed assets					
Tangible fixed assets	9	4,637,561	4,796,548	4,637,561	4,796,548
Investment property	10	2,967,501	3,105,360	2,967,501	3,105,360
		<u>7,605,062</u>	<u>7,901,908</u>	<u>7,605,062</u>	<u>7,901,908</u>
Current assets					
Stock	12	14,120	15,351	-	-
Debtors	13	184,599	449,994	64,136	497,788
Cash at bank and in hand		82,120	549,064	-	408,496
		<u>280,839</u>	<u>1,014,409</u>	<u>64,136</u>	<u>906,284</u>
Creditors: Amounts falling due within one year	14	(595,616)	(551,192)	(528,561)	(494,449)
Net current liabilities		(314,777)	463,217	(464,425)	411,835
Creditors: amounts due after one year	15	(1,474,922)	(1,712,416)	(1,474,922)	(1,712,417)
Net assets excluding pension scheme (Asset)/liabilities		5,815,363	6,652,709	5,665,715	6,601,326
Defined benefit pension scheme Asset/(liability)		-	(7,351,000)	-	(7,351,000)
Net Liabilities including pension scheme liabilities		<u>5,815,363</u>	<u>(698,291)</u>	<u>5,665,715</u>	<u>(749,674)</u>
Funds					
Restricted funds	17	112,204	39,800	112,204	39,800
Unrestricted funds					
General funds	17	5,703,159	6,612,909	5,553,511	6,561,526
Pension reserve	17	-	(7,351,000)	-	(7,351,000)
Total funds		<u>5,815,363</u>	<u>(698,291)</u>	<u>5,665,715</u>	<u>(749,674)</u>

These accounts were approved and authorised for issues by the Board on 26 September 2023 and signed on their behalf by:



.....
Andrea Stark
Chairman

Luton Cultural Services Trust
Consolidated Statement of Cash Flows
For the year ended 31 March 2023

	Note	2023 £	2022 £
Net cash flow from operating activities	(a)	(182,665)	902,193
Cash flows from investing activities			
Interest received		821	-
Interest element of finance lease repayments		(7,240)	(13,215)
Interest element of loan		(67,259)	(38,923)
Expenditure on fixed assets (including investment property)		-	(246,659)
Net cash used in investing activities		(73,678)	(298,797)
Cash flows from financing activities			
Repayment of capital element of finance leases		(61,619)	(61,751)
Bank loan drawn down		(148,981)	(69,732)
		(210,600)	(131,483)
Net cash inflow	(b)	(466,943)	471,913
Cash and cash equivalents at beginning of the year		549,064	77,151
Cash and cash equivalents at the end of the year		82,121	549,064

Notes to the cash flow statement

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

	2023 £	2022 £
Net (outgoing)/incoming resources before other gains/(losses)	(1,471,487)	355,852
Loss on disposal of fixed assets	-	-
Defined Benefit Scheme movements	772,000	798,000
Decrease in stock	1,231	1,953
Decrease in debtors	265,395	51,945
Increase in creditors	17,531	(503,984)
Depreciation	158,987	146,289
Interest paid on finance leases	7,240	13,215
Interest paid on loans	67,259	38,923
Interest received	(821)	-
Net cash flow from operating activities	(182,665)	902,193

Analysis of changes in net debt

	At 31 March 2022	Cashflows	New finance leases	At 31 March 2023
Cash and cash equivalents	549,064	(466,944)	-	82,120
Loans falling due after more than one year	1,645,268	(148,981)	-	1,496,287
Finance lease obligations	128,766	(61,619)	-	67,147
			-	
Total net debt	2,323,098	(677,544)	-	1,645,554

Luton Cultural Services Trust
Notes to the Financial Statements
For the year ended 31 March 2023

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), 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 £929,749 (2022: surplus of 1,127,900).

The group accounts consolidate the accounts of Luton Cultural Services Trust and its subsidiary undertaking, LCST Trading Limited, made up to 31 March 2023. 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 2025
- Relationships with the bank
- Sale of land and continued negotiations for further funding with Luton Airport Authority

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 LLAL 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 2024. 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 2023

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 2023

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 2023 is based on a valuation carried out in August 2022 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. 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 2023

2 Income from charitable activities

	2023	2023	2023	2022
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Library related income	12,465	-	12,465	4,505
Museum related income	96,318	300	96,618	68,794
Community Centres related income	-	-	-	-
Other income	167,324	-	167,324	1,327,469
Total	276,107	300	276,407	1,400,768

3 Donations and Legacies

	2023	2023	2023	2022
	Unrestricted	Restricted	Total	Total
	£	£	£	£
London Luton Airport	1,454,000	-	1,454,000	1,454,000
NLHF	-	-	-	224,320
Arts Council England - NPO museums	-	306,509	306,509	208,643
Architectural Heritage - Hat Works Project	-	-	-	-
Historic England - Hat Works Project	-	200	200	18,000
Linbury Trust - Hat Works Project	-	-	-	-
SEMLEP - Hat Works Project	-	-	-	122,000
Manhead Archaeological Society	90,000	-	90,000	-
Royal Opara House Bridge	-	7,000	7,000	-
Sch for Social Heritage Income	-	15,725	15,725	-
Bedfordshire & Luton Grant - LGBTQIA	-	2,775	2,775	-
Other Museums related	-	30,104	30,104	28,300
ACE- Lace Tree project	-	-	-	24,778
Misc Grants - Hat Works Project	-	-	-	10,000
Visitor donations	6,919	-	6,919	5,307
Total	1,550,919	362,313	1,913,232	2,095,348

4 Investment income

	2023	2023	2023	2022
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Bank interest	821	-	821	-
Total	821	-	821	-

Luton Cultural Services Trust
Notes to the Financial Statements
For the year ended 31 March 2023

5 Total resources expended

	Learning and Skills costs £	Arts costs £	Museum costs £	Cross-trust projects £	Governance costs £	Support costs £	2023 Total £	2022 £
Staff costs (Note 7)	56,675	97,082	577,376	115,675	-	686,578	1,533,386	1,259,876
Pension adjustment (Note 7)	28,534	48,877	290,686	58,238	-	345,665	772,000	798,000
Premises costs	-	153,525	264,272	-	-	8,345	426,142	196,450
Equipment	-	1,069	23,629	-	-	7,823	32,521	131,291
Library resources	2,294	-	-	-	-	-	2,294	2,135
Office Costs	-	7,576	7,594	3,585	-	70,916	89,671	100,520
Events, Exhibitions & Programmes	3,124	154,882	7,382	143,014	-	12,725	321,127	355,652
Marketing and Publicity	-	-	-	27,439	-	60,568	88,007	67,473
Legal & Professional Fees	-	-	-	(1,202)	32,454	107,602	138,854	124,918
Archive and records services	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	158,986	158,986	161,587
Bank Charges	-	-	-	-	-	-	-	-
Other costs	-	-	-	8,898	-	15,445	24,343	(37,669)
Interest payable	-	-	-	-	-	67,251	67,251	43,288
Bad debts written off	-	-	-	-	-	66,907	66,907	-
Unallocated Non reclaimable VAT	-	-	-	-	-	38,727	38,727	44,952
Total resources expended	90,627	463,011	1,170,939	355,647	32,454	1,647,538	3,760,216	3,248,473
Support Costs	70,674	361,072	913,138	277,346	25,309	(1,647,538)	-	-
Total resources expended	161,301	824,083	2,084,077	632,993	57,763	-	3,760,216	3,248,473

Luton Cultural Services Trust
Notes to the Financial Statements
For the year ended 31 March 2023

6 Net incoming resources for the year

This is stated after charging:

	2023	2022
	£	£
Depreciation	158,987	146,289
Trustees' indemnity insurance		1,386
Auditor's remuneration		
- Audit fee for current year	22,730	20,625
- Additional fee for extended audit work	6,563	12,974
- Other services	2,272	420
- Under Accrual for prior year	4,072	-

7 Staff costs and numbers

Staff costs were as follows:

	2023	2022
	£	£
Salaries and wages	1,403,997	1,185,761
Social security costs	138,161	105,007
Pension contributions	148,226	123,073
Other pension costs	772,000	798,000
Redundancy and termination costs	60,000	8,908
	<u>2,522,384</u>	<u>2,220,749</u>

The Trustees received £nil remuneration in the year (2022: £nil). The trustees received reimbursement for expenses totalling £53 (2022: £35). 1 employee received emoluments in the range £100,000 - £109,999 (2022: 1). 2 employees received emoluments in the range of £70,000 - £79,999 (2022: 2). The total remuneration for the key management personnel and the Chief Executive totalled £327,812 (2022: £306,744). Total employer pension contributions for key management personnel were £30,523 (2022: £28,380).

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

	2023	2022
	No.	No.
Chief Executive, finance and administration	9	8
Marketing ,business development and trading	7	8
Libraries, Learning and Skills	1	1
Museums	15	14
Arts	3	3
Community Centres	-	-
Operations	4	4
Casual staff	6	3
	<u>45</u>	<u>41</u>
Average total headcount	<u>45</u>	<u>50</u>

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
For the year ended 31 March 2023

9 Tangible Fixed Assets Group and Company

Group and Charity

	Freehold property £	Long leasehold property £	Office furniture & equipment £	Plant & equipment £	Total £
Cost					
At 1 April 2022	2,374,631	2,698,713	174,394	844,514	6,092,252
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 March 2023	<u>2,374,631</u>	<u>2,698,713</u>	<u>174,394</u>	<u>844,514</u>	<u>6,092,252</u>
Depreciation					
At 1 April 2022	-	528,086	169,094	598,524	1,295,704
Eliminated on disposals	-	-	-	-	-
Charge for the year	-	98,635	2,485	57,867	158,987
At 31 March 2023	<u>-</u>	<u>626,721</u>	<u>171,579</u>	<u>656,391</u>	<u>1,454,691</u>
Net Book Value					
At 31 March 2023	<u>2,374,631</u>	<u>2,071,992</u>	<u>2,815</u>	<u>188,123</u>	<u>4,637,561</u>
At 1 April 2022	<u>2,374,631</u>	<u>2,170,627</u>	<u>5,300</u>	<u>245,990</u>	<u>4,796,548</u>

10 Investments

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

	2023 £	2022 £
Market value at 1 April	3,105,360	3,523,220
Capital additions at cost	-	-
Impairment during the year	<u>(137,859)</u>	<u>(417,860)</u>
Market value at 1 April	<u>2,967,501</u>	<u>3,105,360</u>

The Charity has two investments properties, Hat House and Hat Studios both of which have been externally valued by an examiner in August 2022. The Hat Studios land is currently under offer to be sold and the valuation in the accounts reflects this offer.

Luton Cultural Services Trust
Notes to the Financial Statements
For the year ended 31 March 2023

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:

	2023	2022
	£	£
External Income	641,336	495,959
Cost of sales	(414,729)	(283,854)
Gross profit	<u>226,607</u>	<u>212,105</u>
Administrative expenses	(128,627)	(103,608)
Operating profit	<u>97,980</u>	<u>108,497</u>
Interest receivable and similar income	289	11
Charitable distribution to Luton Cultural Services Trust	-	-
Retained profit for the year	<u>98,269</u>	<u>108,508</u>
Accumulated profit	<u>98,269</u>	<u>108,508</u>
The Balance Sheet comprised:		
Fixed assets	-	-
Current assets	170,147	107,826
Current liabilities	(71,878)	(56,739)
Creditors due after more than one year	<u>-</u>	<u>-</u>
	<u>98,269</u>	<u>51,087</u>

12 Stock

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Merchandise and Bar stock	<u>14,120</u>	<u>15,351</u>	<u>-</u>	<u>-</u>

Luton Cultural Services Trust
Notes to the Financial Statements
For the year ended 31 March 2023

13 Debtors

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Debtors and prepayments	173,390	422,309	51,411	360,756
VAT costs	11,209	27,685	11,202	27,685
Amount due from subsidiary	-	-	1,523	109,347
	<u>184,599</u>	<u>449,994</u>	<u>64,136</u>	<u>497,788</u>

14 Creditors: amounts due within 1 year

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Bank overdraft	43,119	-	43,119	-
Trade creditors	214,072	290,129	196,028	172,258
Accruals and deferred income	211,711	155,267	162,700	216,395
Social security costs	38,202	44,178	38,202	44,178
Finance leases due within 1 year	43,151	61,618	43,151	61,618
Bank loan due within 1 year	45,361	-	45,361	-
	<u>595,616</u>	<u>551,192</u>	<u>528,561</u>	<u>494,449</u>

15 Creditors: amounts due after 1 year

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Finance leases due within 1 to 5 years	23,996	67,148	23,996	67,148
Bank loan	1,450,926	1,645,268	1,450,926	1,645,269
	<u>1,474,922</u>	<u>1,712,416</u>	<u>1,474,922</u>	<u>1,712,417</u>

The bank loan was taken out in September 2019 and is repayable in instalments by March 2043. Interest of £41,420 (2021: £43,288) 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 2023
	£	£	£	£	£
Restricted funds	426,979	-	(314,777)	-	112,202
Pension reserve	-	-	-	-	-
General funds	7,178,082	-	-	(1,474,922)	5,703,160
Total funds	<u>7,605,061</u>	<u>-</u>	<u>(314,777)</u>	<u>(1,474,922)</u>	<u>5,815,364</u>

	Tangible fixed assets	Pension scheme liability	Current asset/(liability)	Long term creditors	Net assets at 31 March 2022
	£	£	£	£	£
Restricted funds	(423,417)	-	463,217	-	45,720
Pension reserve	-	(7,351,000)	-	-	(9,775,000)
General funds	8,325,325	-	-	(1,712,416)	5,871,758
Total funds	<u>7,901,908</u>	<u>(7,351,000)</u>	<u>463,217</u>	<u>(1,712,416)</u>	<u>(698,291)</u>

Luton Cultural Services Trust
Notes to the Financial Statements
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17 Movements in funds

	At 1st April 2022	Incoming resources	Outgoing resources	Gain/(loss)	Transfers	At 31st March 2023
Restricted funds:						
Arts Council England - NPO museums	37,249	306,509	(241,643)		23	102,138
Sch for Social Heritage Income	-	15,725	-	-	(10,000)	5,725
Historic England - Hat Works Redevelopment	-	200	-	-	(200)	-
NLHF - Hat Works Redevelopment	-	-	-	-		-
Royal Opara House Bridge	-	7,000	(5,265)	-	(1,735)	-
Bedfordshire & Luton Grant - LGBTQIA	-	2,775	(2,775)	-		(0)
Museum Development Fund	2,551	30,404	(28,613)	-		4,342
ACE- Lace tree project	-	-	(19,112)	-	19,112	-
Total restricted funds	39,800	362,613	(297,409)	-	7,200	112,204
Unrestricted funds:						
General funds	6,612,909	2,469,472	(3,234,163)	(137,859)	(7,200)	5,703,159
Pension reserve	(7,351,000)	-	(772,000)	8,123,000	-	-
Total unrestricted funds	(738,091)	2,469,472	(4,006,163)	7,985,141	(7,200)	5,703,159
Total funds	(698,291)	2,832,085	(4,303,572)	7,985,141	-	5,815,363

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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
Notes to the Financial Statements
For the year ended 31 March 2023

17 Movements in funds (continued)

NPO Museum-Arts Council England

The Arts Council England awarded Luton Culture National Portfolio Organisation status on 1st April 2019. Luton Cultures museums have now become a leader in their area with a collective responsibility to protect and develop the national arts and culture. The grant income received in the year is year 1 of a 3 year programme of funding and investment to help deliver ACE's strategic objectives.

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 10% of pensionable salary from 1 April 2022 to 31 March 2023 (12.2% - 2022). 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:

	2023	2022
	%pa	%pa
Pension Increase rate	2.85	3.20
Rate of increase in salaries	3.85	4.20
Discount Rate	4.80	2.60

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.

	Asset category as a percentage of plan assets	
	2023	2022
Equities	64%	61%
Bonds	18%	25%
Property	13%	12%
Cash	4%	2%

Luton Cultural Services Trust
Notes to the Financial Statements
For the year ended 31 March 2023

18 Pension scheme (continued)

Amounts recognised in the SOFA	2023	2022
	£	£
Current service cost	(565,000)	(580,000)
Interest costs on defined benefit obligation	(189,000)	(194,000)
Administration expenses	(18,000)	(24,000)
	<u>(772,000)</u>	<u>(798,000)</u>
Remeasurements:		
Changes in financial assumptions	12,910,000	1,856,000
Change in demographic assumptions	466,000	-
Experience gain/(loss) on defined benefit obligation	(1,586,000)	(65,000)
Other actuarial gains/(losses) on assets	99,000	-
Liabilities assumed / (extinguished) on settlements	-	-
Settlement prices received / (paid)	-	-
Return on assets excluding amount included in net interest	(779,000)	1,296,000
Suprlus restriction per FRS102	(3,136,000)	
	<u>7,974,000</u>	<u>3,087,000</u>
Employer Contributions	149,000	135,000
Total amounts recognised in the SOFA	<u>8,123,000</u>	<u>3,222,000</u>
Amounts recognised in the balance sheet	£	£
Fair value of scheme assets	21,952,000	22,226,000
Present value of funded obligations	(18,816,000)	(29,577,000)
Suprlus restriction per FRS102	(3,136,000)	
Net Asset/ (liability) recognised in the balance sheet	<u>-</u>	<u>(7,351,000)</u>
Changes in fair value of scheme assets	2023	2022
	£	£
Scheme assets at start of period	22,226,000	20,930,000
Interest income on plan assets	576,000	415,000
Return on assets excluding amount included in net interest	(779,000)	1,296,000
Other actuarial gains/(losses)	99,000	-
Administration expenses	(18,000)	(24,000)
Contributions by employer	149,000	135,000
Contributions by scheme participants	83,000	73,000
Benefits paid	(384,000)	(599,000)
Settlement prices received / (paid)	-	-
Scheme assets at end of period	<u>21,952,000</u>	<u>22,226,000</u>
Changes in present value of scheme liabilities	2023	2022
	£	£
Scheme liabilities at start of period	29,577,000	30,705,000
Current service cost	565,000	580,000
Interest costs on defined benefit obligation	765,000	609,000
Changes in financial assumptions	(12,910,000)	(1,856,000)
Contributions by scheme participants	83,000	73,000
Actuarial (gain) / losses	1,586,000	65,000
Changes in demographic assumptions	(466,000)	-
Liabilities assumed / (extinguished) on settlements	-	-
Past service costs	-	-
Benefits paid	(384,000)	(599,000)
Scheme liabilities at end of period	<u>18,816,000</u>	<u>29,577,000</u>

Luton Cultural Services Trust
Notes to the Financial Statements
For the year ended 31 March 2023

18 Pension scheme (continued)

History of defined benefit scheme

	2023	2022	2021	2020
	£	£	£	£
Fair value of scheme assets	21,952,000	22,226,000	19,791,000	21,116,000
Present value of scheme liabilities	(18,816,000)	(29,577,000)	(24,824,000)	(27,780,000)
Net defined benefit asset/(liability)	<u>3,136,000</u>	<u>(7,351,000)</u>	<u>(5,033,000)</u>	<u>(6,664,000)</u>

Experience gains/(losses) on scheme assets	(779,000)	3,156,000	(1,764,000)	716,000
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Experience gains/(losses) on scheme liabilities	(1,586,000)	211,000	1,451,000	(1,770,000)
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The estimated contribution for 2022/23 is £149,000

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 (2022: £Nil).

21 Operating leases

Non-cancellable operating lease rentals payable in the year were £nil (2022: £nil). There are no contractual commitments for non-cancellable lease rentals at the year end.