

Company registration number: 8162578

Charity registration number: 1153001

# **Lakeland Arts**

(A company limited by guarantee)

**Annual Report and Financial Statements**

**for the Lakeland Arts Group**

**for the Year Ended 31 March 2021**

**Stables Thompson & Briscoe  
Chartered Accountants & Statutory Auditor  
Lowther House  
Lowther Street  
Kendal  
LA9 4DX**

## **Lakeland Arts**

### **Contents**

Reference and Administrative Details	1
Strategic Report	2 to 9
Trustees' Report	10 to 14
Statement of Trustees' Responsibilities	15
Independent Auditors' Report	16 to 18
Consolidated Statement of Financial Activities	19 to 20
Consolidated Balance Sheet	21
Balance Sheet	22
Consolidated Statement of Cash Flows	23
Notes to the Financial Statements	24 to 62

## **Lakeland Arts**

### **Reference and Administrative Details**

<b>Trustees</b>	M Benjamin C W N Crewdson OBE JP S A Crewe K M Howarth J C Hudson FREng E Kentley J Mottram PhD D Reid MCIOF B Riley G F Rycroft Lady E Scott N W R Thompson
<b>Senior Leadership Team</b>	R Harris, Chief Executive E Moss, Chief Operating Officer C Gilbert, Head of Development C Kennedy, Financial Controller K Offord, Head of Curatorial I Read, Head of Participation and Learning C Robinson, Business Development Manager
<b>Principal Office</b>	Abbot Hall Kendal LA9 5AL  The charity is incorporated in England.
<b>Company Registration Number</b>	8162578
<b>Charity Registration Number</b>	1153001
<b>Solicitors</b>	Simpson Millar (to June 2020) 5/7 Skipton Street Morecambe LA4 4AW
<b>Bankers</b>	Barclays Bank Plc 9 Highgate Kendal LA9 4DF
<b>Auditor</b>	Stables Thompson & Briscoe Chartered Accountants & Statutory Auditor Lowther House Lowther Street Kendal LA9 4DX

## **Lakeland Arts**

### **Strategic Report for the Year Ended 31 March 2021**

The trustees, who are directors for the purposes of company law, present their strategic report for the year ended 31 March 2021, in compliance with s414C of the Companies Act 2006.

#### **ACHIEVEMENTS AND PERFORMANCE**

##### **Lakeland Arts and the Covid-19 Pandemic**

###### **Impact**

In a normal year, over 50% of unrestricted funding comes from admission charges and trading. With reduced trading income and operating with reduced visitor and income targets in line with our own and national research, Lakeland Arts' estimated loss of earned income in 2020-21 due to Covid-19 is £1.175m (Admissions £472K, Café £386K, Retail £201K, Boat Trips £104K, Learning £12K).

We closed Windermere Jetty Museum and Blackwell on 19 March 2020 due to government Covid-19 instructions (Lockdown 1). Since lockdown 1 we have closed and reopened our museums repeatedly. We opened Windermere Jetty café on 17 July 2020, Windermere Jetty Museum on 24 July and Blackwell on 11 October 2020. We closed both museums again on 5 November 2020 (Lockdown2). We reopened Blackwell on 4 December 2020 and Windermere Jetty Museum on 12 December. We closed Windermere Jetty Museum again on 16 December, as tier restrictions were introduced in the North, South-East and London, which reduced the number of visitors to Cumbria. We closed Blackwell on 24 December 2020. From 5 January 2021 we were required to close due to government Covid-19 instructions (Lockdown 3),

###### **Measures taken to raise funds, reduce costs & deliver charitable mission:**

- Raised £1.9 million since April 2020 from statutory, Lottery, charitable and philanthropic sources to address Covid-19 loss of trading income.
- Taken measures to sustain support from members including online content, café discount.
- During Lockdown1 furloughed over 80% of staff, no salary top-up. Making use of flexible furlough.
- Skeleton staff who worked throughout Lockdown1 took salary sacrifice, reducing hours and pay by 20-40% 1May - 30Sept.
- Flexed staff roles to support business needs, e.g. boat conservation team manufactured Covid-secure equipment, (reception screens, external furniture to support extended outdoor offer)
- Released funds from unrestricted endowments to meet financial obligations.
- Granted business rate relief.
- Secured Coronavirus Bounce Back Loan.
- Cost cutting measures across each department.
- Participated in VAT deferral scheme
- Windermere Jetty Museum and Blackwell hold Visit England's Covid-19 We're Good to Go accreditation.
- Participated in Eat Out to Help Out
- Benefited from reduction of VAT on hospitality income from 20% to 5%
- Agreed a 3-month payment holiday for our PAYE liabilities-now been fully paid.
- Introduced online retail to create new income stream that isn't dependent on museums being open.

Lakeland Arts has been successful in securing a grant from the Garfield Weston Foundation's Weston Culture Fund which has given us the capacity to trial physical, digital and programme adaptations to Windermere Jetty Museum. Based on audience research and our experiences to date in the Covid-19 era, the interventions will contribute to the Museum's immediate and longer-term sustainability by developing audiences and/or generating income. This research and work will be developed during the financial year 21-22.

## **Lakeland Arts**

### **Strategic Report for the Year Ended 31 March 2021**

In addition to securing £1.9 million in emergency funding and other grants, we've refocused the organisation to become more efficient and enterprising, developed new income streams and adapted to our audiences' needs in the community and at our museums. We have taken opportunities for engagement out to communities rather than expecting them to come to our sites and have maximised the opportunities our sites can provide in the pandemic era, by for example, increasing our outdoor seating at Windermere Jetty Museum's café which has resulted in improved income generation.

#### **PROGRAMME**

We made changes to our planned 2020-21 exhibition, participation and boat conservation programme due to Covid-19.

##### **Blackwell, The Arts & Crafts House**

We postponed the exhibition, *House of the Setting Sun*, which had been due to open in May 2020 to 21-22.

Instead from October - December 2020 we showed a Collection Display featuring new acquisition through the Acceptance in Lieu scheme, In the Golden Mists of Autumn by artist John Atkinson Grimshaw (1836 - 1893), alongside works by Ruskin. This acquisition has enriched our narrative, particularly as we were able to display it alongside works by the art critic, historian, philanthropist and artist John Ruskin, whose writings greatly influenced the atmospheric work of John Atkinson Grimshaw. With landscapes now accounting for over half of the fine art collection, including 45 works Ruskin, the display drew on Ruskin's principals of light, atmosphere and close observation of nature.

A separate Collection Display, "You Curate!" featured artworks selected by Lakeland Arts' members and visitors. Through this programme we encouraged people to explore Lakeland Arts' collection with us, resulting in a fabulous and wide-ranging display of paintings, drawings and sculpture at Blackwell.

##### **Windermere Jetty Museum**

We installed the "Swallows and Amazons For Ever!" exhibition just days after Windermere Jetty Museum's first birthday and the government-enforced closure of Windermere Jetty Museum on 19 March due to COVID-19. During lockdown we produced a video tour of the exhibition, which was made publicly available on our website, social media and newsletters, as well as a new article about the exhibition for our special digital edition of QUARTO, our magazine for Lakeland Arts members.

Based on Lakeland Arts' audience research, as well as local and national research information showing audiences preferred to be outdoors than indoors due to COVID-19, we implemented measures to improve our outdoor offer at Windermere Jetty Museum. The measures included: extending the Swallows and Amazons For Ever! experience to the outdoors; opening up areas of the site previously inaccessible to visitors, including the Meadow where we created a family-friendly "Spirit of Adventure" trail. We also added new interpretation on-site and online to help visitors find their way around and engage with the new activities at the site.

Boat conservation work resumed on "MV Penelope", which, as a passenger carrying vessel is income-generating. "Penelope" was due to undergo sea trials ahead of Windermere Jetty's 1st birthday weekend in March 2020. The work on "Penelope" was prioritised and the vessel joined "SL Osprey" on the water.

##### **Work with communities**

We have continued to work with communities during the three Lockdowns and the periods where our museums have been open.

## **Lakeland Arts**

### **Strategic Report for the Year Ended 31 March 2021**

#### **Collections**

This period saw the arrival of two important allocations to Lakeland Arts through the Acceptance in Lieu of Tax scheme: an oil painting by John Atkinson Grimshaw, 'In the Golden Mists of Autumn', 1884, and a marble sculpture by Barbara Hepworth, 'Moon Form', 1968. Both applications involved rigorous justification for why Lakeland Arts would be a suitable home for the works and they contribute to the collection significantly. The Hepworth sculpture had previously been on long-term loan from the Hepworth Estate, and they specifically chose Lakeland Arts as their desired venue.

During this time, Windermere Jetty Museum received the generous gift of 'Merlin', a 1908 Windermere 17 sailing yacht. Measuring an impressive 17 feet at its waterline, Merlin may be the oldest example of its class still on the water and it represents an important addition to the sailing collection at the museum.

With regard to loans, two short-term loans of decorative art were placed at Blackwell for the House of the Setting Sun exhibition. A ceramic lidded pot by Edward Hughes and a lacquered bowl from Japan were both generously loaned for display by a private collection. Due to lockdown restrictions, this period also saw the return of the temporary loans included in the Arts and Crafts of Politics exhibition at Blackwell. This included items loaned from the People's History Museum, William Morris Gallery, Whitworth Art Gallery and The Ruskin at the University of Lancaster.

Only one item from the collection was externally loaned during this period- JMW Turner's 'The Passage of Mount St Gotthard'. The watercolour travelled to Switzerland to appear in the 'Im Herzen wild: Die Romantik von Fuseli bis Bocklin' exhibition at the Kunstmuseum Zurich.

#### **MEND**

MEND is a creative response by Lakeland Arts to connect with rural and geographically isolated communities in Cumbria as a new era, defined by the global pandemic, emerges. Supported by a grant of £50,000 from Art Fund. MEND is helping set the direction for how we engage with audiences in the future as we adapt together to the changing world. By visiting people in their communities rather than expecting them to visit our museums during this time of crisis, we have been establishing new dialogues that are informing our future programme in and out of venue.

#### **Digital curation and Everyday Creativity**

We have created and shared regular content for social media, blogs and the website. This content explored aspects of Lakeland Arts' collection and resulted in several new digital exhibitions which were made available to explore on our website. We created "how to" videos to enable people to get creative at home using everyday objects.

#### **Community Magazine**

Recognising that some individuals and communities prefer or need to engage with culture and heritage tangibly and following audience research with local care homes in Kendal and Windermere, we created and co-produced a new community magazine. Featuring content from local poets, care home residents and the Lakeland Arts collection, the magazine included things to read, look at and do. Lakeland Arts staff edited and produced the magazine in-house and distributed it to care homes.

#### **QUARTO**

We delivered two special editions of QUARTO, formerly Abbot Hall's quarterly magazine, launched in 1962. These special editions were the first in nearly two decades and were created to reach Lakeland Arts' members and wider community in digital form. The magazines included articles by staff and volunteers which explored the collection and wider programming.

## **Lakeland Arts**

### **Strategic Report for the Year Ended 31 March 2021**

#### **Commercial activities**

The commercial operation of Lakeland Arts is run by Lakeland Arts Enterprises Ltd, Lakeland Arts' wholly owned trading subsidiary which undertakes all non-primary objects of the charity (retail and catering) and donates the net income to the charity on an annual basis.

In February 2020 two new roles were introduced to lead Lakeland Arts' commercial activities. The Senior Visitor Experience Manager took over operational responsibility, while data analysis and strategic guidance was taken on by the Business Development Manager, both reporting to the Chief Operating Officer.

New income generating opportunities were trialled such as Wildcat Island Campfires, Model Boat Hire at Windermere Jetty Museum, and planning work was undertaken for a new wedding offer at both venues. Venue hire opportunities were refreshed ahead of restrictions easing and planning work was undertaken for increasing event activities such as theatre performance, outdoor cinema and hosting partner events such as with the Steamboat Association.

#### **Retail**

Income through retail sales were negatively impacted by the COVID-19 pandemic due to repeated closures of Lakeland Arts' venues and key team members focussing on adapting the sites to be COVID-secure in line with Government Guidance.

In response, an Online Shop was launched in November 2020 for a trial period to research demand. Data from the trial informed Lakeland Arts' bid for the Weston Culture Fund, part of which would support a more permanent online shop with enhanced customer experience as well as creating new employment opportunities.

#### **Catering**

Income through catering was also negatively impacted by the repeated closure of Lakeland Arts venues due to Government Guidance.

Lakeland Arts benefited from the Government's temporary tax reduction of food and beverage and participated in the Eat Out To Help Out scheme in August 2020.

In response to Audience Research both nationally and with Lakeland Arts audiences, more opportunities were created for visitors to enjoy a café experience outside our venues. Tea on the Terrace was established at Blackwell, while additional seating was introduced at Windermere Jetty Museum's lakeshore café. The popularity of this with our visitors informed part of the Weston Culture Fund bid; to create year-round opportunities for our audiences to enjoy our food and beverage offerings in outside spaces where they are immersed in the spectacular landscape.

A new dine-at-home service was trialled at Blackwell for Mothers' Day with the popular Afternoon Tea. Uptake on this was relatively low, but the feedback was positive and the research will support future catering offers.

#### **Marketing and communication**

The new Business Development Manager role established in February 2020 encompassed leadership of marketing for Lakeland Arts. A new marketing team was established in July 2020 ahead of reopening the venues following the first lockdown.

The National Lottery Heritage Fund's Resilient Heritage project was completed in May 2020 and delivered a new brand for Lakeland Arts and its venues. Launched in July 2020, the new visual identity was accompanied by a new website with enhanced functionality, and smoother customer experience. The new brand unites Lakeland Arts' remarkable cultural venues which are embedded in the Lake District, while celebrating their individual characteristics by remaining rooted in a sense of place, and highlighting Lakeland Arts' rich collections, engaging programmes and passionate people.

While web and social media statistics were lower overall due to the reduced traffic while our venues were closed, the marketing team worked closely with the programming and development teams to deliver new digital content, activities and events to engage audiences while they were unable to visit in person. This extra digital content was well received by our Members and wider audiences.

## **Lakeland Arts**

### **Strategic Report for the Year Ended 31 March 2021**

In September 2020 Windermere Jetty Museum hosted the filming of two episodes of the BBC's Antiques Roadshow. The first episode aired in February 2021 and received a positive response in the press, online and on social media. The second episode aired in May 2021.

#### **Fundraising**

Lakeland Arts is grateful for the grants, donations and sponsorship we receive from all the organisations and individuals who support us. The support means we are able to continue our work, helping us to conserve our Grade I listed buildings, care for and develop the Trust's collections, promote world-class art and heritage and deliver exciting exhibition and learning programmes. Lakeland Arts would like to sincerely thank all the individuals and organisations mentioned in this report, and all those who wish to remain anonymous.

Lakeland Arts has successfully raised income from voluntary sources for over 50 years and fundraising continues to be an important part of our activity. During 2020-21 Lakeland Arts raised £1,875M of voluntary income from donations, grants and sponsorships. This represented 77% of our overall income in 2020-21. Valuable support came from a range of sources, including individual donors, trusts and foundations, public funders and corporate organisations.

As a member of the Cumbria Museum Consortium, an Arts Council England National Portfolio Organisation, Lakeland Arts received unrestricted core funding, working in partnership with Wordsworth Grasmere and Tullie House Museum and Art Gallery.

Funding to support our core activities was received from the DCMS Culture Recovery Fund, Arts Council England Emergency Response Fund, The Wolfson Foundation, The Sir John Fisher Foundation, South Lakeland District Council, Cumbria County Council and Kendal Town Council. Lakeland Arts continues to receive important support from our Friends, Patrons and Benefactors, raising a total of £70,596 in 2020-21 from these membership and donor schemes.

We received the second instalment of a three-year £95,000 grant from the John Ellerman Foundation towards the salary costs of a Collection Management Assistant and Curatorial and Programming Assistant, building additional capacity to safeguard and develop curatorial skills.

We received grants from the National Lottery Heritage Fund Emergency Fund, The Garfield Weston Foundation and The Headley Trust to make adaptations to our site, systems and programme at Windermere Jetty Museum to address the impacts of Covid-19.

Grants from Art Fund, the Clore Duffield Foundation and the Granada Foundation enabled us to adapt our work with communities in the pandemic. The grants from Art Fund and the Granada Foundation enabled us to deliver "MEND", a new programme of work with community groups in geographically isolated locations around Cumbria. The grant from the Clore Duffield Foundation enabled us to instigate a new programme of work with young people in Kendal.

Grants from the Westmorland Arts Trust, the Great Britain Sasakawa Foundation and The Japan Society contributed to The House of the Setting Sun exhibition at Blackwell.

#### **Capital Projects**

##### **Abbot Hall**

Despite the unprecedented support Lakeland Arts has received, the Covid-19 pandemic has had a serious negative impact on the museum sector. Following the circumstances of the last year, we needed to look again at the proposals for the capital development at Abbot Hall and having reviewed these with the Arts Council we mutually agreed the withdrawal of the capital award of £4.6million and instead to use Arts Council support to focus on our future sustainability, following this very challenging period.

We remain committed to a capital redevelopment of Abbot Hall and have therefore adopted a phased approach that will enable us to reopen Abbot Hall in summer 2022. MUMA continue to be engaged as our architect for the Abbot Hall project.



## **Lakeland Arts**

### **Strategic Report for the Year Ended 31 March 2021**

#### **BENEFACTORS AND PATRONS**

##### Benefactors

Mr and Mrs A Ambler  
Mr and Mrs T J R Harding  
Dr A C I and Mrs Naylor  
Mr and Mrs J S Rink  
Mr and Mrs M Southern  
Dr J P L Welch

##### Patrons

Mr M Ainscough  
Mr C H Bagot and Mrs S Bagot MBE  
Mr and Mrs J Campbell  
Mr and Mrs D Case  
The Lord and Lady Cavendish  
Mr C Crewdson OBE and Mrs Crewdson  
Sir James Cropper KCVO  
Mr and Mrs W Dufton

Ms W Ellis  
Mr J Entwistle OBE and Mrs Entwistle  
Mr and Mrs N J Fleming  
Mr and Mrs M Gibbons  
Mr R Hasell-McCosh  
Ms J M Holland  
Susan, Lady Kimber  
Mr and Mrs J Lee  
Mrs D Matthews  
Mr J S Nicoll and Ms L Colchester  
Mr T C Parker  
Mr P Kessler MBE and Miss D Rose QC  
Sir Christopher and Lady Scott  
Mr and Mrs A Scott  
Mr N Thompson  
Mr J H Townson  
Dr T Tuohy  
Mr and Mrs G M Wallace  
Mrs M Warburton  
Mr and Mrs P M White  
Ms J Wood  
Mr C Woodhouse CVO  
Mr J N C Woodhouse

And all those who wish to remain anonymous.

## **Lakeland Arts**

### **Strategic Report for the Year Ended 31 March 2021**

#### **FINANCIAL REVIEW**

The nation went into National Lockdown due to Covid-19 pandemic. In response to the loss of £1.2M earned income Lakeland Arts raised £1.875M from statutory, Lottery, charitable & philanthropic sources. £1.3M was unrestricted funding and £575K was restricted. £450K of the restricted funding will enable Lakeland Arts to adapt and reimagine Windermere Jetty Museum and the visitor experience to support financial resilience in the future.

The Consolidated Statement of Financial Activities shows total income of £3.248M, a decrease of £0.430M compared to 2020. The total income includes restricted funds totalling £0.899M (2020 £1.374M) and unrestricted funds totalling £2.349M (2020 £2.301M). Unrestricted funds is made up of 80% from Donations, Grants and Legacies. 13% from Charitable Activities and 7% from Trading Activities. In comparison, in the prior year, of the unrestricted funds generated, we generated 33% from the trading activity and 32% from Charitable Activity, the reduction can be attributed to the Covid-19 pandemic.

Total resources expended were £2.191M, a reduction of £1.357M when compared with the prior year. Unrestricted resources expended totals £1.869M and restricted totals £322K. Restricted expenditure relates to costs in relation to the NLHF Emergency Funding, Abbot Hall Redevelopment Project, the Windermere Jetty Museum Capital Project, National Lottery Fund, Heritage Resilience, Weston Culture Fund.

Lakeland Arts revalued its properties fixed assets, with the revaluation of Windermere Jetty Museum being reflected as a reduction in restricted funds.

At 31st March 2021 the carried forward restricted funds balance is reporting a surplus of £17.364M and the carried forward unrestricted funds balance reporting a much reduced deficit of £80K.

#### ***Policy on reserves***

Reserves are subject to regular review by the Finance Committee and the Board of Trustees.

The nature of the Charity's income can fluctuate, as a significant proportion of the income is reliant on visitors to our sites. As part of the Financial Planning Process the Charity looks to correlate earned income to the Charity's cost structure, allowing the Charity to reduce costs as required, this reduction in costs is carefully balanced to ensure cost reduction is not significantly detrimental to the achievement of the Charity's objectives.

The Board acknowledges the need to build free reserves to cover generic operating costs and the costs of new business opportunities which may not otherwise be directly funded but which will lead to increased financial resilience and stability in the long term.

The Board have set a reserves policy equivalent to two month's unrestricted charitable expenditure. The Board aspires to build reserves to this amount and have forecast a surplus budget position for the coming year.

#### ***Factors likely to affect future financial performance or position***

The Covid-19 pandemic continues to impact upon Lakeland Arts in the financial year ending 31st March 22.

Lakeland Arts continues to be successful with its applications for emergency funding, having been awarded £349,000 from the DCMS Culture Recovery Fund: Continuity Support, which exists to support cultural organisations who have previously received funding from the Culture Recovery Fund: Grants programme, in the first or second rounds, and can clearly demonstrate the financial need for further funding in order to operate on a viable and sustainable basis by 31 January 2022.

## **Lakeland Arts**

### **Strategic Report for the Year Ended 31 March 2021**

#### ***Principal funding sources***

The principal sources of funding for the costs of operating Blackwell the Arts & Crafts House, Windermere Jetty Museum and Abbot Hall Art Gallery are Arts Council England, various grants, investment income, membership fees, donations, gift aid and earned income.

#### ***Investment policy and objectives***

The charitable company has the power to make investments as it sees fit. The investment policy determined by the trustees for the endowment funds is to provide a balanced return from a broad spread of medium risk investments, and for general funds to provide a higher income from a spread of lower risk investments.

The investment policy is implemented by professional investment managers Sarasin & Partners LLP.

#### ***Principal risks and uncertainties***

##### ***Major risks***

All significant activities undertaken are subject to a risk review as part of the initial project assessment and implementation. Major risks are identified and ranked in terms of their potential impact and likelihood. Major risks, for this purpose, are those that may have a significant effect on:

- Operational performance, including risks to staff, volunteers and visitors;
- Achievement of aims and objectives; or
- Meeting the expectations of beneficiaries or supporters.

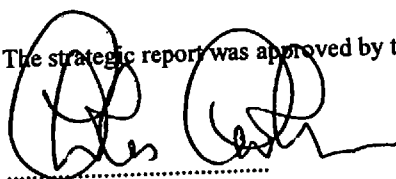
The trustees review these risks on an ongoing basis and satisfy themselves that adequate systems and procedures are in place to manage the risks identified. Where appropriate, risks are covered by insurance. The following framework is central to ensuring adequate risk management:

- Regular monitoring of major risks and development of disaster recovery plans;
- Embedding risk identification and assessment within operating procedures;
- A clear structure of delegated authority and control; and
- Maintaining reserves in line with set policies.

In assessing risk the trustees recognise that some areas of work require the acceptance and management of risk if key objectives are to be achieved. The trustees have reviewed the major risks to which the charitable company is exposed and identified control and mitigation procedures, under the headings of:

- Governance;
- Operational;
- Financial;
- Environmental; and
- Compliance.

The strategic report was approved by the trustees of the charity on 6 December 2021 and signed on its behalf by:



C W N Crewdson OBE JP  
Trustee

## **Lakeland Arts**

### **Trustees' Report**

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 March 2021.

#### **Trustees**

M J Ainscough BSc DL (resigned 31 July 2021)  
M Benjamin (appointed 31 December 2020)  
H C F Bowring MA JP DL (resigned 11 September 2020)  
C M Clarke CBE FRSE (resigned 31 July 2021)  
A R Collinson (resigned 31 July 2021)  
C W N Crewdson OBE JP  
S A Crewe  
K M Howarth (appointed 22 July 2021)  
J C Hudson FREng  
S L Keegan (resigned 31 July 2021)  
E Kentley  
J Mottram PhD  
D Reid MCIOF (appointed 11 March 2021)  
B Riley  
G F Rycroft (appointed 22 July 2021)  
Lady E Scott (appointed 27 May 2021)  
N W R Thompson

#### **Objectives and activities**

##### ***Objects and aims***

Lakeland Arts Vision, Mission and strategic objectives are as follows:

##### **Vision**

Lakeland Arts has a unique role reflecting creative inspiration flowing through the local landscape and its people

##### **Mission**

We run a range of significant destinations firmly embedded in the Lake District.

We achieve our vision through remarkable venues, rich collections, engaging programmes and passionate people – all connected by a powerful sense of place.

The work we do connects deeply with our local communities and has a transformative effect on our audiences.

Strategic Objectives:

## **Lakeland Arts**

### **Trustees' Report**

#### ***Preserving the past***

- **Care for and develop our sites**, ensuring they are safe, inspiring and welcoming for our local communities and visitors from elsewhere.
- **Nurture and grow our collections**, ensuring they are rich, relevant and engaging for local and global audiences.
- **Capture and evolve our stories**, making sure that they are meaningful, resonant and enduring to the people who share them.

#### ***Engaging with the present***

- **Create outstanding and inclusive programming** inspired by our collections and locations to encourage creativity and exploration.
- **Create a two-way relationship with our audiences**, involving and gaining insight from communities both in Cumbria and beyond.
- **Build creative and fruitful partnerships**, encouraging collaboration and leading in sharing good practice in cultural development.

#### ***Building for the future***

- **Invest in our people** through motivating and caring for our staff and volunteers with clarity, respect and inclusive leadership.
- **Invest in our infrastructure**, both physical and digital, to ensure that we remain integrated and able to measure the impact of our work.
- **Operate with initiative and efficiently** to ensure an agile, entrepreneurial, resilient and sustainable organisation.

#### ***Fundraising disclosures***

As an accredited museum Lakeland Arts adheres to the Museums Association Code of Ethics for Museums. The Code defines the ethical principles which guide museum practice and underpin policy and practice regarding the development of museum collections. An ethical approach to museums also underpins the Accreditation Standard. This code supports museums, those who work in and with them, and their governing bodies in recognising and resolving ethical issues and conflicts. It sets out key ethical principles and the supporting actions that museums should take to ensure an ethical approach to their work in relation to their audiences, local communities, donors, source communities, partner organisations, sponsors and funders. Lakeland Arts is an organisational member of the Museums Association.

Lakeland Arts has a set of policies that ensure we implement and adhere to the Museums Association Code of Ethics, including in relation to donors and funders. These include our Privacy Policy and our Safeguarding Children and Vulnerable Adults Policy, which applies to all staff, trustees, volunteers, and contractors, and sets out how we would recognise and deal with incidents of suspected financial abuse.

During 2020-21 Lakeland Arts did not contract professional fundraisers from a third-party business to carry out fundraising on its behalf.

In 2020-21 Lakeland Arts did not receive any complaints about activities by the charity or by a person on behalf of the charity for the purpose of fund-raising.

## **Lakeland Arts**

### **Trustees' Report**

#### ***Public benefit***

Abbot Hall was opened as an art gallery in September 1962 and has since built up an outstanding art collection and created a strong exhibition programme.

In 1971 the Museum of Lakeland Life & Industry (MOLLI) was opened in the coach house and stable block at Abbot Hall and developed an important and extensive collection relating to the social and industrial history of the Lake District and Kendal.

In July 2001 Blackwell was opened, a Grade 1 Listed house, in a stunning position above Lake Windermere, looking across to the Coniston Fells. Designed by MH Baillie Scott and completed in 1900, this is one of the most important Arts and Crafts houses in the UK with a national reputation for its programme of exhibiting historic and contemporary crafts.

In March 2019 Windermere Jetty was opened, a world-class museum and tourist attraction.

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

#### **Structure, governance and management**

##### ***Nature of governing document***

Lakeland Arts (the charitable company) is a company limited by guarantee and is also a registered charity. The charitable company was set up as part of an exercise to modernise the constitution of a separate charity, Lakeland Arts Trust, which is an unincorporated trust, constituted under a trust deed dated 19 August 1957 and is a registered charity, number 526980. Lakeland Arts Trust was formed to save Abbot Hall, an important mid eighteenth-century Grade 1 Listed house on the banks of the River Kent in Kendal, and to convert it into an Art Gallery.

The charitable company is governed by its Memorandum and Articles of Association and has similar objects to Lakeland Arts Trust. As of 1 August 2013, the charitable company replaced the Trust as the operator of the various venues for use by the public and took over the redevelopment of Windermere Jetty. The funds, assets and liabilities of Lakeland Arts Trust were transferred to the charitable company. Lakeland Arts Trust continues to hold the Blackwell Endowment which is a permanent endowment, and the collections which are loaned to the charitable company.

##### ***Recruitment and appointment of trustees***

The Trustee Succession Planning Committee anticipates the retirement of serving Trustees, plan their succession and to recruit new Chairs and Trustees into the organisation. The Succession Planning Committee has the delegated authority of the Board of Trustees to identify, select and recruit new Chairs or Trustees to the Board of Lakeland Arts. All appointments will require formal endorsement by the Board.

The Succession Planning Committee will: -

- Review the normal retirement dates of the Board Members
- Identify the skills likely to be required by Lakeland Arts Trust and seek candidates with those skills
- Candidates may be identified through any appropriate means including advertising, recommendations, recruitment websites, etc.
- Candidates must be considered in the light of the skills they will bring to the Board and Lakeland Arts' commitment to increase the diversity of the Board.

Candidates will be interviewed by the CEO, Chair of Trustees and one other member of the Succession Planning Committee. A recommendation will be made to the Succession Planning Committee who will decide whether to approve the candidate. The proposal will then be referred to the full board of Trustees for formal endorsement.

## **Lakeland Arts**

### **Trustees' Report**

#### ***Organisational structure***

The directors of the charitable company are its trustees for the purposes of charity law. The Board of Trustees of up to fifteen members, but not less than six, meets regularly and administers the charitable company. The trustees are elected by the Board of Trustees at the Annual General Meeting in accordance with the Articles of Association. The trustees who have served during the year and since the year end are shown in the Charity Information page.

At their meetings, the trustees agree the broad strategy, policy and areas of activity for the charitable company, including consideration of financial policy, reserves and risk management policies and performance. Trustees also decide the level of pay for key management personnel taking into account appropriate benchmarks. A disclosure in relation to remuneration and expenses of key management personnel is included in the notes to the accounts. The Board of Trustees appoints Investment Managers, currently Sarasin & Partners LLP, who are responsible for implementing the overall investment policy.

#### **Relationships with related parties**

##### **Lakeland Arts Trust**

Lakeland Arts is the sole trustee of Lakeland Arts Trust which holds the collections and the Blackwell endowment. As such Lakeland Arts Trust is treated as a subsidiary in these accounts.

##### **Lakeland Arts Enterprises Limited**

Lakeland Arts Enterprises Limited is the wholly owned trading subsidiary of the charitable company. Together with Lakeland Arts Trust and Lakeland Arts these three entities comprise Lakeland Arts Group.

##### **Lakeland Arts Support Trust**

Lakeland Arts Support Trust is a charity formed in 1998 for the purpose of generating income to provide financial support for the charitable company at its Abbot Hall site in Kendal. It has a separate board of trustees and so does not form part of the group.

##### **South Lakeland District Council**

South Lakeland District Council owns the Abbot Hall building - SLDC also makes an annual grant towards the charitable company's operational costs and programme of activities.

#### **Financial instruments**

##### ***Objectives and policies***

The group's activities expose it to a number of financial risks which may arise from changes in prices, visitor spending behavior, overhead costs, investments but also from unforeseeable events such as the Covid-19 pandemic. Management of these financial risks and liquidity risks is the central responsibility of the Finance Committee. The Trustees are informed of the current risk situation at regular intervals.

##### ***Credit risk***

The group's principal financial assets are bank balances and cash, trade and other receivables, and investments. The group has low credit risk as receivables are primarily grants due to be received. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

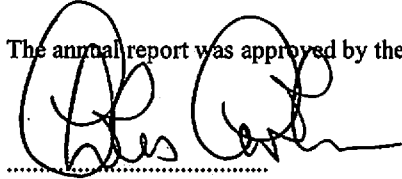
#### **Disclosure of information to auditor**

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

## **Lakeland Arts**

### **Trustees' Report**

The annual report was approved by the trustees of the charity on 6 December 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'C W N Crewdson', written over a dotted line.

.....  
C W N Crewdson OBE JP  
Trustee



## **Lakeland Arts**

### **Statement of Trustees' Responsibilities**

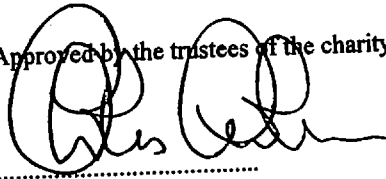
The trustees (who are also the directors of Lakeland Arts for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

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

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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees of the charity on 6 December 2021 and signed on its behalf by:



.....  
C W N Crewdson OBE JP  
Trustee

## **Lakeland Arts**

### **Independent Auditor's Report to the Members of Lakeland Arts**

#### **Opinion**

We have audited the financial statements of Lakeland Arts (the 'charitable parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021, which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (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 parent charity's affairs as at 31 March 2021 and of its 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 group 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 ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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 trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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.

## **Lakeland Arts**

### **Independent Auditor's Report to the Members of Lakeland Arts**

We have nothing to report in this regard.

#### **Opinion 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 Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' Report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' 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:

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

#### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 15), the trustees 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 charity'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 charity 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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:

## **Lakeland Arts**

### **Independent Auditor's Report to the Members of Lakeland Arts**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our experience and from discussions with management. We reviewed any related correspondence and records of trustee meetings to assess compliance with laws and regulations and discussed the current position with management. We ensured the audit team were alert for any indications of non-compliance throughout the audit work.

We reviewed material journals processed in the charitable company's accounting software.

We assessed the charity's policies and procedures on fraud risks. No instances of actual, suspected or alleged fraud were identified by us or the charity in the year.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of this report**

This report is made solely to the charitable parent company's trustees, 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 group's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable parent company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



.....  
Helen Holmes BSc FCA (Senior Statutory Auditor)  
For and on behalf of Stables Thompson & Briscoe, Statutory Auditor

Chartered Accountants & Statutory Auditor  
Lowther House  
Lowther Street  
Kendal  
LA9 4DX

10 December 2021

# Lakeland Arts

## Consolidated Statement of Financial Activities for the Year Ended 31 March 2021 (Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2021 £
<b>Income and Endowments from:</b>					
Donations and legacies	3	1,868,312	879,345	-	2,747,657
Charitable activities	4	310,051	-	-	310,051
Other trading activities	5	163,773	-	-	163,773
Investment income	6	6,531	20,171	-	26,702
Other income	7	30	-	-	30
Total income		<u>2,348,697</u>	<u>899,516</u>	<u>-</u>	<u>3,248,213</u>
<b>Expenditure on:</b>					
Raising funds	8	(635,534)	-	-	(635,534)
Charitable activities	9	<u>(1,233,410)</u>	<u>(321,557)</u>	<u>-</u>	<u>(1,554,967)</u>
Total expenditure		<u>(1,868,944)</u>	<u>(321,557)</u>	<u>-</u>	<u>(2,190,501)</u>
Gains/losses on investment assets		<u>(57,555)</u>	<u>-</u>	<u>101,155</u>	<u>43,600</u>
Net income		422,198	577,959	101,155	1,101,312
Transfers between funds		61,789	39,366	(101,155)	-
<b>Other recognised gains and losses</b>					
Gains/losses on revaluation of fixed assets		24,000	(1,177,493)	-	(1,153,493)
Actuarial gains on defined benefit pension schemes		<u>56,000</u>	<u>-</u>	<u>-</u>	<u>56,000</u>
Net movement in funds		563,987	(560,168)	-	3,819
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>(644,676)</u>	<u>17,923,835</u>	<u>585,000</u>	<u>17,864,159</u>
Total funds carried forward	25	<u>(80,689)</u>	<u>17,363,667</u>	<u>585,000</u>	<u>17,867,978</u>

The notes on pages 24 to 62 form an integral part of these financial statements.

## Lakeland Arts

### Consolidated Statement of Financial Activities for the Year Ended 31 March 2021 (Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2020 £ (As restated)
<b>Income and Endowments from:</b>					
Donations and legacies	3	685,998	1,340,247	-	2,026,245
Charitable activities	4	746,671	-	-	746,671
Other trading activities	5	758,087	-	-	758,087
Investment income	6	11,995	33,797	-	45,792
Other income	7	101,557	-	-	101,557
Total income		<u>2,304,308</u>	<u>1,374,044</u>	<u>-</u>	<u>3,678,352</u>
<b>Expenditure on:</b>					
Raising funds	8	(1,200,686)	-	-	(1,200,686)
Charitable activities	9	<u>(1,928,060)</u>	<u>(419,746)</u>	<u>-</u>	<u>(2,347,806)</u>
Total expenditure		<u>(3,128,746)</u>	<u>(419,746)</u>	<u>-</u>	<u>(3,548,492)</u>
Gains/losses on investment assets		<u>5,801</u>	<u>-</u>	<u>(1,389)</u>	<u>4,412</u>
Net (expenditure)/income		(818,637)	954,298	(1,389)	134,272
Transfers between funds		2,506,224	(1,567,181)	(939,043)	-
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes		<u>39,000</u>	<u>-</u>	<u>-</u>	<u>39,000</u>
Net movement in funds		1,726,587	(612,883)	(940,432)	173,272
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>(2,371,263)</u>	<u>18,536,718</u>	<u>1,525,432</u>	<u>17,690,887</u>
Total funds carried forward	25	<u>(644,676)</u>	<u>17,923,835</u>	<u>585,000</u>	<u>17,864,159</u>

All of the group's activities derive from continuing operations during the above two periods.

The funds breakdown for 2020 is shown in note 25.

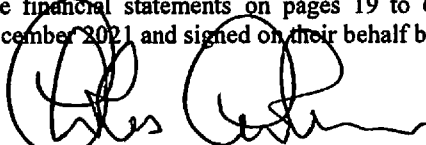
The notes on pages 24 to 62 form an integral part of these financial statements.

# Lakeland Arts

**(Registration number: 8162578)**  
**Consolidated Balance Sheet as at 31 March 2021**

	Note	2021 £	2020 £ (As restated)
<b>Fixed assets</b>			
Tangible assets	16	18,227,033	19,286,267
Investments		<u>907,838</u>	<u>1,014,041</u>
		<u>19,134,871</u>	<u>20,300,308</u>
<b>Current assets</b>			
Stocks	19	33,397	36,451
Debtors	20	121,199	237,925
Cash at bank and in hand	21	<u>631,652</u>	<u>60,825</u>
		786,248	335,201
<b>Creditors: Amounts falling due within one year</b>	22	<u>(376,309)</u>	<u>(1,079,350)</u>
<b>Net current assets/(liabilities)</b>		<u>409,939</u>	<u>(744,149)</u>
<b>Total assets less current liabilities</b>		19,544,810	19,556,159
<b>Creditors: Amounts falling due after more than one year</b>	23	<u>(1,240,833)</u>	<u>(1,200,000)</u>
<b>Net assets excluding pension liability</b>		18,303,977	18,356,159
<b>Pension scheme liability</b>	24	<u>(435,999)</u>	<u>(492,000)</u>
<b>Net assets including pension liability</b>		<u>17,867,978</u>	<u>17,864,159</u>
<b>Funds of the group:</b>			
<b>Endowment funds</b>		585,000	585,000
<b>Restricted income funds</b>			
Restricted funds	25	17,363,667	17,923,835
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>(80,689)</u>	<u>(644,676)</u>
<b>Total funds</b>	25	<u>17,867,978</u>	<u>17,864,159</u>

The financial statements on pages 19 to 62 were approved by the trustees, and authorised for issue on 6 December 2021 and signed on their behalf by:

  
 .....  
 C W N Crewdson OBE JP  
 Trustee

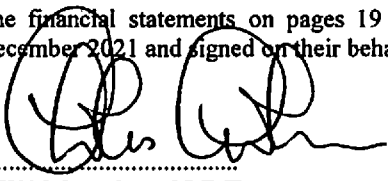
The notes on pages 24 to 62 form an integral part of these financial statements.

# Lakeland Arts

(Registration number: 8162578)  
Balance Sheet as at 31 March 2021

	Note	2021 £	2020 £ (As restated)
<b>Fixed assets</b>			
Tangible assets	16	18,227,033	19,286,267
Investments		<u>286,002</u>	<u>392,640</u>
		<u>18,513,035</u>	<u>19,678,907</u>
<b>Current assets</b>			
Debtors	20	393,969	460,066
Cash at bank and in hand	21	<u>624,943</u>	<u>60,182</u>
		1,018,912	520,248
<b>Creditors: Amounts falling due within one year</b>	22	<u>(365,963)</u>	<u>(1,045,438)</u>
<b>Net current assets/(liabilities)</b>		<u>652,949</u>	<u>(525,190)</u>
<b>Total assets less current liabilities</b>		19,165,984	19,153,717
<b>Creditors: Amounts falling due after more than one year</b>	23	<u>(1,240,833)</u>	<u>(1,200,000)</u>
<b>Net assets including pension liability</b>		<u>17,925,151</u>	<u>17,953,717</u>
<b>Funds of the charity:</b>			
<b>Restricted income funds</b>			
Restricted funds	25	17,363,666	17,923,834
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>561,485</u>	<u>29,883</u>
<b>Total funds</b>	25	<u>17,925,151</u>	<u>17,953,717</u>

The financial statements on pages 19 to 62 were approved by the trustees, and authorised for issue on 6 December 2021 and signed on their behalf by:

  
C W N Crewdson OBE JP  
Trustee

The notes on pages 24 to 62 form an integral part of these financial statements.



# Lakeland Arts

## Consolidated Statement of Cash Flows for the Year Ended 31 March 2021

	Note	2021 £	2020 £ (As restated)
<b>Cash flows from operating activities</b>			
Net cash income		3,819	173,272
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation	8	43,167	200,474
Investment income	6	(26,702)	(45,792)
Revaluation of investments		(43,600)	(4,412)
Revaluation of fixed assets held for the group's own use		<u>1,153,493</u>	<u>-</u>
		1,130,177	323,542
<b>Working capital adjustments</b>			
Decrease in stocks	19	3,053	22,193
Decrease in debtors	20	116,726	514,915
Decrease in creditors	22	(412,208)	(1,806,436)
Decrease (increase) in retirement benefit obligation net of actuarial changes	24	(56,002)	(76,382)
Decrease in deferred income	23	<u>-</u>	<u>(71,854)</u>
Net cash flows from operating activities		<u>781,746</u>	<u>(1,094,022)</u>
<b>Cash flows from investing activities</b>			
Interest receivable and similar income	6	6,531	11,995
Purchase of tangible fixed assets	16	(137,424)	(835,382)
Sale of investments		149,803	661,836
Income from dividends	6	<u>20,171</u>	<u>33,797</u>
Net cash flows from investing activities		39,081	(127,754)
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings	22	<u>(250,000)</u>	<u>1,100,000</u>
Net increase/(decrease) in cash and cash equivalents		570,827	(121,776)
Cash and cash equivalents at 1 April		<u>60,825</u>	<u>182,601</u>
Cash and cash equivalents at 31 March		<u><u>631,652</u></u>	<u><u>60,825</u></u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash		570,827	(121,776)
Cash outflow from repayment of loans		<u>250,000</u>	<u>(1,100,000)</u>
Change in net funds/(debt) resulting from cash flows		<u>820,827</u>	<u>(1,221,776)</u>
Net debt at 1 April 2020		<u>(1,439,175)</u>	<u>(217,399)</u>
Net (debt)/funds at 31 March 2021		<u><u>(£618,348)</u></u>	<u><u>(£1,439,175)</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

The notes on pages 24 to 62 form an integral part of these financial statements.

## **Lakeland Arts**

### **Notes to the Financial Statements for the Year Ended 31 March 2021**

#### **1 Charity status**

The charity is a charity limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation. The address of the registered office is given on the charity information page of these financial statements. The nature of the charity's operations and principal activities are as an arts and heritage organisation caring for and running Abbot Hall Art Gallery and The Museum of Lakeland Life & Industry in Kendal, Blackwell, The Arts & Crafts House, and the new Windermere Jetty, Museum of Boats, Steam and Stories in Bowness-on-Windermere.

The principal place of business is:  
Abbot Hall  
Kendal  
LA9 5AL

These financial statements were authorised for issue by the trustees on 6 December 2021.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

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

##### **Basis of preparation**

Lakeland Arts meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £.

##### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the charity and its subsidiary undertakings drawn up to 31 March 2021. The subsidiaries consolidated for this purpose were Lakeland Arts Enterprises Ltd and Lakeland Arts Trust.

No statement of financial activities is presented for the charity as permitted by section 408 of the Companies Act 2006. The charity made a deficit after all gains and losses for the financial year of £28,566 (2020 - 173,272 surplus).

## **Lakeland Arts**

### **Notes to the Financial Statements for the Year Ended 31 March 2021**

A subsidiary is an entity controlled by the charity. Control is achieved where the charity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the statement of financial activities from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the charity and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### **Going concern**

The financial statements have been prepared on a going concern basis.

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

In the year to 31st March 21 Lakeland Arts stabilised its financial situation, reporting a carried forward unrestricted funds surplus of £355K. In the year to 31st March 22 Lakeland Arts continues to make an unrestricted funds surplus, due to success in ACE Cultural Recovery Funding.

On this basis, it is believed that the charity is a going concern.

## **Lakeland Arts**

### **Notes to the Financial Statements for the Year Ended 31 March 2021**

#### **Changes in accounting policy**

In order to be consistent with other heritage assets it was decided to remove the boat collection costs from the balance sheet and disclose these with other heritage assets in the notes to the accounts. This has resulted in an adjustment of £1,213,047 taken out of restricted funds and heritage assets for the year ended 31 March 2019 and the same for 2020 with an additional cost of £38,792 removed from unrestricted funds being the additional costs for that year for both the group and the charity. Please see note 25 for further detail.

#### **Changes in accounting estimate**

#### ***Pension scheme disclosures***

The full Mercer report for the Lakeland Arts Trust was received in the year and the figures for 2021 and 2020 have replaced the estimates used in previous years. Please see note 25 for the effect on funds.

#### **Income and endowments**

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

#### ***Donations and legacies***

Income from donations and grants, including capital grants, is included in incoming resources when these are receivable, except as follows:

- i. when donors specify that donations and grants given to the charitable company must be used in future accounting periods the income is deferred until these periods; or
- ii. when donors impose conditions which have to be fulfilled before the charitable company becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

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

Legacy gifts are recognised on a case by case basis following the grant of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

#### ***Deferred income***

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

## **Lakeland Arts**

### **Notes to the Financial Statements for the Year Ended 31 March 2021**

#### ***Gifts in kind***

Gifts in kind donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. Where estimating the fair value is practicable upon receipt it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impracticable to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Fixed asset gifts in kind are recognised when receivable and are included at fair value. They are not deferred over the life of the asset.

Donated heritage assets are recognised in the Heritage Asset note but are not otherwise recognised in the Statement of Financial Activities (SOFA) in line with the policy on Heritage Assets.

#### ***Other trading activities***

Income from commercial trading activities, including retail and catering and commission on sale or return items through retail outlets. This income is primarily the income of the trading subsidiary Lakeland Arts Enterprises Ltd and is recorded on a receivable basis.

#### ***Investment income***

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

#### ***Charitable activities***

Income from Charitable trading activities through Abbot Hall Art Gallery, Blackwell the Arts & Crafts House, Museum of Lakeland Life and Industry and the Windermere Jetty (including admission, learning and Friends of Lakeland Arts memberships), is included in incoming resources in the period for which it is receivable.

#### ***Expenditure***

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably.

Expenditure is included in the Consolidated Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered. All costs are defined in 4 specific categories:

Raising funds  
Fundraising trading  
Charitable activities  
Other

#### ***Raising funds***

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

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

## **Lakeland Arts**

### **Notes to the Financial Statements for the Year Ended 31 March 2021**

#### ***Charitable activities***

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

#### **Support costs**

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management and professional fees. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

#### **Governance costs**

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

#### **Taxation**

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### **Tangible fixed assets**

Individual fixed assets costing £5,000.00 or more are initially recorded at cost including any incidental expenses of acquisition (with the exception of heritage assets), less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Lakeland Arts owns the former Kendal Grammar School (constructed 1588) which is part of the Abbot Hall site. The building is currently divided into 2 parts; no 9 Church Walk is a residential property acquired in 2011 and held as part of the investment portfolio and no 11 Church Walk, also residential which has been in the ownership of Lakeland Arts for many years and is currently used as storage. The latter portion was last valued in 2021 and included in the accounts as a freehold property. The investment property is stated in the accounts at market value. Revaluation will take place every 5 years.

The Windermere Steamboat Museum, designed by Carmody Groarke Architects, opened in March 2019 and houses a collection of steamboats and other vessels known as the Steamboat Museum Collection.

## **Lakeland Arts**

### **Notes to the Financial Statements for the Year Ended 31 March 2021**

#### **Heritage assets**

Lakeland Arts' principal objects include establishment and maintenance of public art galleries and museums for the benefit of the public. In this connection the charitable company has a long leasehold interest, at a peppercorn rent, in listed buildings at Abbot Hall, of which Abbot Hall itself is Grade 1 Listed. The charitable company also has a freehold interest in the Grade 1 Listed Arts & Crafts House at Blackwell – a property of unique historic importance near Bowness-on-Windermere.

These historic properties are inalienable heritage assets in the sense that it is a fundamental part of the charitable company's purpose to hold and preserve them permanently, and Lakeland Arts is effectively prohibited from disposing of them for any other purpose, not only by the terms of its governing documents, but also by external considerations including the terms of leases, conditions applied by funding bodies and planning consents. These properties are not assets in the normal sense of the word because under the irrevocable terms of their present use they have no market value. To provide a market value based on an impermissible change of use would be misleading. The Trustees consider that the buildings are heritage assets and the charitable company does not, therefore, represent them on the Balance Sheet.

Further information on the Lakeland Arts' heritage assets is given in the notes, in accordance with the terms of 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) '18. Accounting for heritage assets'.

#### **Depreciation and amortisation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold land and buildings	Held at valuation, revalued every five years
Leasehold land and buildings	straight line over the term of the lease
Plant, equipment and fittings	straight line over 4 years

#### **Research and development**

Research and development expenditure is written off as incurred.

#### **Investment properties**

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

#### **Fixed asset investments**

Fixed asset investments, other than programme related investments, are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end.

## **Lakeland Arts**

### **Notes to the Financial Statements for the Year Ended 31 March 2021**

#### **Stock**

Stock consists of purchased goods for resale and is included at the lower of cost or net realisable value.

#### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Fund structure**

Unrestricted income funds are general funds that are available for use at the trustees's discretion in furtherance of the objectives of the group.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Restricted endowment funds – these are non-permanent endowment funds, the income from which contributes to the operating expenses of Lakeland Arts. The assets of the funds are represented by investments.



## **Lakeland Arts**

### **Notes to the Financial Statements for the Year Ended 31 March 2021**

#### **Pensions and other post retirement obligations**

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

The group also operates a defined benefit pension scheme for one employee. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

#### **Financial instruments**

##### ***Classification***

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

##### ***Recognition and measurement***

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

## Lakeland Arts

### Notes to the Financial Statements for the Year Ended 31 March 2021

#### *Investments*

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

#### **3 Income from donations and legacies**

	<b>Unrestricted funds General £</b>	<b>Restricted funds £</b>	<b>Total 2021 £</b>	<b>Total 2020 £</b>
Donations and legacies;				
Donations to major appeals	-	285,247	285,247	1,057,100
Donations from companies, trusts and similar proceeds	1,785,778	590,098	2,375,876	818,621
Legacies	-	-	-	27,900
Gift aid reclaimed	11,938	4,000	15,938	29,680
Membership income (including Friends, patrons and benefactors)	70,596	-	70,596	92,944
	<u>1,868,312</u>	<u>879,345</u>	<u>2,747,657</u>	<u>2,026,245</u>

## Lakeland Arts

### Notes to the Financial Statements for the Year Ended 31 March 2021

	Restricted funds	2021	2020
	£	£	£
<b>Windermere Jetty Capital Project</b>			
NCRF Funding	285,247	285,247	876,949
Boat conservation, Raven and Esperance	-	-	5,000
Other donations £1,000 and under	-	-	2,200
Sub total	<u>285,247</u>	<u>285,247</u>	<u>884,149</u>
<b>Abbot Hall Redevelopment Project</b>			
Clore Duffield Foundation	-	-	50,000
Arts Council	-	-	18,748
Mr F A Scott	-	-	24,000
J E Ambler	-	-	10,000
Anonymous donor	-	-	25,000
John Nicoll	-	-	10,000
Jules and Cheryl Burns	-	-	5,000
J H Barker	-	-	3,000
John Campbell	-	-	2,500
Other donations under £2,500	-	-	13,452
Gift Aid	-	-	11,251
Sub total	<u>-</u>	<u>-</u>	<u>172,951</u>
	<u>285,247</u>	<u>285,247</u>	<u>1,057,100</u>

## Lakeland Arts

### Notes to the Financial Statements for the Year Ended 31 March 2021

Other grants and donations	Unrestricted funds	Restricted funds	2021	2020
	£	£	£	£
Arts Council England NPO	451,680	-	451,680	443,696
Lakeland Arts Support Trust	56,000	-	56,000	33,000
Sir John Fisher Foundation	25,000	-	25,000	25,000
CJRS government grants	378,261	-	378,261	-
Arts Council England Emergency Response Fund	358,010	-	358,010	-
The Wolfson Foundation	250,000	-	250,000	-
DCMS Cultural Recovery Fund Round 1	219,067	-	219,067	-
National Lottery Heritage Fund Emergency Fund	-	250,000	250,000	-
Garfield Weston Foundation	-	200,000	200,000	-
The Granada Foundation	4,000	-	4,000	-
Government support - BBL interest	1,071	-	1,071	-
National Lottery Heritage Fund, Resilient Heritage	-	-	-	176,780
South Lakeland District Council	25,000	-	25,000	25,000
Clore Duffield Foundation, Cultural Learning Programme (Abbot Hall)	-	20,000	20,000	-
Art Fund	-	44,895	44,895	7,500
Rathbones	-	-	-	3,000
The Granada Foundation	-	2,000	2,000	-
The Japan Society	-	750	750	-
Cumbria Community Foundation - Westmorland Arts Trust	-	1,175	1,175	-
The Headley Trust	-	15,000	15,000	25,000
Cumbria County Council	10,000	-	10,000	10,000
Kendal Town Council	-	3,000	3,000	3,000
The National Heritage Memorial Fund	-	-	-	16,700
The John Ellerman Foundation	-	31,667	31,667	18,472
The Pilgrim Trust	-	8,341	8,341	16,659
BESTT	-	12,728	12,728	4,036
Other donations	7,689	542	8,231	10,778
	<u>1,785,778</u>	<u>590,098</u>	<u>2,375,876</u>	<u>843,621</u>

## Lakeland Arts

### Notes to the Financial Statements for the Year Ended 31 March 2021

Legacies and gifts in memory	Unrestricted funds	Restricted funds	2021	2020
	£	£	£	£
J Mumford in memory of the late Carolyn Marie Stone	-	-	-	10,000
AJM Hartree in memory of the late Bill Hartree	-	-	-	5,000
Estate of Dr M Purdy	-	-	-	12,900
	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,900</u>

#### 4 Income from charitable activities

	Unrestricted funds General £	Total 2021 £
Visitor income	94,244	94,244
Learning income	110	110
Museums and Galleries tax relief	215,697	215,697
	<u>310,051</u>	<u>310,051</u>
	Unrestricted funds General £	Total 2020 £
Visitor income	674,704	674,704
Learning income	6,204	6,204
Museums and Galleries tax relief	65,763	65,763
	<u>746,671</u>	<u>746,671</u>

#### 5 Income from other trading activities

	Unrestricted funds General £	Total funds £
Trading income;		
Sales of goods and services	163,773	163,773
<b>Total for 2021</b>	<u>163,773</u>	<u>163,773</u>
<b>Total for 2020</b>	<u>758,087</u>	<u>758,087</u>

# Lakeland Arts

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 6 Investment income

	Unrestricted funds General £	Restricted funds £	Total 2021 £
Income from dividends;			
Dividends receivable from other listed investments	-	20,171	20,171
Interest receivable and similar income;			
Interest receivable on bank deposits	657	-	657
Other income from fixed asset investments	654	-	654
Income from rents	5,220	-	5,220
	<u>6,531</u>	<u>20,171</u>	<u>26,702</u>
	Unrestricted funds General £	Restricted funds £	Total 2020 £
Income from dividends;			
Dividends receivable from other listed investments	-	33,797	33,797
Interest receivable and similar income;			
Interest receivable on bank deposits	2,848	-	2,848
Other income from fixed asset investments	3,927	-	3,927
Income from rents	5,220	-	5,220
	<u>11,995</u>	<u>33,797</u>	<u>45,792</u>

### 7 Other income

	Unrestricted General £	Total 2021 £	Total 2020 £
Other income	30	30	1,557
WJ Commercial Lease Premium (one-off)	-	-	100,000
	<u>30</u>	<u>30</u>	<u>101,557</u>

# Lakeland Arts

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 8 Expenditure on raising funds

#### a) Costs of generating donations and legacies

	Note	Unrestricted funds General £	Total 2021 £
Other direct costs of generating voluntary income		57,830	57,830
Allocated support costs	10	19,945	19,945
		<u>77,775</u>	<u>77,775</u>
	Note	Unrestricted funds General £	Total 2020 £
Other direct costs of generating voluntary income		65,872	65,872
Allocated support costs	10	21,100	21,100
		<u>86,972</u>	<u>86,972</u>

#### b) Costs of trading activities

	Note	Unrestricted funds General £	Total 2021 £
Trading subsidiary costs		49,248	49,248
Marketing and publicity		57,533	57,533
Wages and salaries		359,324	359,324
Allocated support costs	10	90,489	90,489
		<u>556,594</u>	<u>556,594</u>
	Note	Unrestricted funds General £	Total 2020 £
Trading subsidiary costs		316,667	316,667
Marketing and publicity		145,779	145,779
Wages and salaries		525,803	525,803
Allocated support costs	10	125,465	125,465
		<u>1,113,714</u>	<u>1,113,714</u>

# Lakeland Arts

## Notes to the Financial Statements for the Year Ended 31 March 2021

### c) Investment management costs

	Note	Unrestricted funds General £	Total 2021 £
Other investment management costs;			
Administration of the investments		1,165	1,165
		<u>1,165</u>	<u>1,165</u>

### d) Total expenditure on raising funds

	Direct costs £	Allocated support costs £	Total 2021 £
Costs of generating donations and legacies	57,830	19,945	77,775
Costs of trading activities	466,105	90,489	556,594
Investment management costs	1,165	-	1,165
	<u>525,100</u>	<u>110,434</u>	<u>635,534</u>
	Direct costs £	Allocated support costs £	Total 2020 £
Costs of generating donations and legacies	65,872	21,100	86,972
Costs of trading activities	988,249	125,465	1,113,714
	<u>1,054,121</u>	<u>146,565</u>	<u>1,200,686</u>



# Lakeland Arts

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 9 Expenditure on charitable activities

	Activity undertaken directly £	Activity support costs £	2021 £
Exhibition programmes	134,964	47,845	182,809
Collections and conservation of exhibits	180,581	47,200	227,781
Learning	124,133	46,207	170,340
Historic buildings and premises costs	337,358	41,460	378,818
Visitor operations	243,861	51,482	295,343
Abbot Hall Project	1,116	204	1,320
Windermere Jetty Project	4,535	830	5,365
NLHF Resilience Project	8,917	1,630	10,547
National Lottery Heritage Emergency Fund	194,277	35,525	229,802
Art Fund	11,557	2,113	13,670
Garfield Weston Foundation	6,323	1,156	7,479
	<u>1,247,622</u>	<u>275,652</u>	<u>1,523,274</u>
	Activity undertaken directly £	Activity support costs £	2020 £
Exhibition programmes	265,936	64,744	330,680
Collections and conservation of exhibits	265,176	62,169	327,345
Learning	215,460	62,624	278,084
Historic buildings and premises costs	625,532	56,979	682,511
Visitor operations	362,630	69,987	432,617
Abbot Hall Project	19,479	18,537	38,016
Windermere Jetty Project	2,274	18,537	20,811
NLHF Resilience Project	114,616	18,537	133,153
	<u>1,871,103</u>	<u>372,114</u>	<u>2,243,217</u>

## Lakeland Arts

### Notes to the Financial Statements for the Year Ended 31 March 2021

	Unrestricted funds General £	Restricted funds £	Total 2021 £
Exhibition programmes	180,884	1,925	182,809
Collections and conservation of exhibits	157,045	70,736	227,781
Learning	168,340	2,000	170,340
Historic buildings and premises costs	358,647	20,171	378,818
Visitor operations	295,343	-	295,343
Windermere Jetty Project	830	4,535	5,365
Abbot Hall Project	204	1,116	1,320
NLHF Resilience Project	1,630	8,917	10,547
National Lottery Heritage Emergency Fund	35,525	194,277	229,802
Art Fund	2,113	11,557	13,670
Garfield Weston Foundation	1,156	6,323	7,479
	<u>1,201,717</u>	<u>321,557</u>	<u>1,523,274</u>
	Unrestricted funds General £	Restricted funds £	Total 2020 £
Exhibition programmes	312,208	18,472	330,680
Collections and conservation of exhibits	257,450	69,895	327,345
Learning	278,084	-	278,084
Historic buildings and premises costs	490,501	192,010	682,511
Visitor operations	432,617	-	432,617
Windermere Jetty Project	18,537	2,274	20,811
Abbot Hall Project	18,537	19,479	38,016
NLHF Resilience Project	18,537	114,616	133,153
	<u>1,826,471</u>	<u>416,746</u>	<u>2,243,217</u>

In addition to the expenditure analysed above, there are also governance costs of £31,693 (2020 - £65,797) which relate directly to charitable activities. See note 10 for further details.

## Lakeland Arts

### Notes to the Financial Statements for the Year Ended 31 March 2021

#### 10 Analysis of governance and support costs

##### Governance costs

	Unrestricted		(As restated)
	General	Total	Total
	£	2021	2020
		£	£
Staff costs			
Pension costs	13,300	13,300	15,000
Compensation payments	-	-	17,862
Audit fees			
Audit and other fees paid to auditors	17,321	17,321	17,226
Trustees remuneration and expenses	-	-	327
Legal fees	-	-	830
Loan interest	1,072	1,072	14,552
	<u>31,693</u>	<u>31,693</u>	<u>65,797</u>

#### 11 Net incoming/outgoing resources

Net incoming resources for the year include:

	2021	2020
	£	£
Audit fees	15,302	14,631
Depreciation of fixed assets	<u>43,168</u>	<u>200,474</u>

#### 12 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the group during the year.

No trustees have received any other benefits from the charity during the year.

Donations made by the trustees without any conditions attached totalled £1,171 for the year (2020 - £Nil).

## Lakeland Arts

### Notes to the Financial Statements for the Year Ended 31 March 2021

#### 13 Staff costs

The aggregate payroll costs were as follows:

	2021 £	(As restated) 2020 £
<b>Staff costs during the year were:</b>		
Wages and salaries	1,159,463	1,568,613
Social security costs	83,219	121,172
Pension costs	35,044	44,629
Compensation payments	-	17,862
	<u>1,277,726</u>	<u>1,752,276</u>

The monthly average number of persons (including senior management team) employed by the group during the year expressed as full time equivalents was as follows:

	2021 No	2020 No
Management, curatorial, marketing and learning	20	20
Administration	6	6
Desk/shop staff	5	5
Coffee House & Tea Room	11	11
Other	2	2
Heritage boat team	3	3
Boat conservation team	6	6
	<u>53</u>	<u>53</u>

The average number of employees in the year as defined by s382/383 of the Companies Act 2006 was 70 (2020 - 100).

The number of employees whose emoluments fell within the following bands was:

	2021 No	2020 No
£80,001 - £90,000	<u>1</u>	<u>1</u>

The total employee benefits of the key management personnel of the group were £331,936 (2020 - £287,358).

## Lakeland Arts

### Notes to the Financial Statements for the Year Ended 31 March 2021

#### 14 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	<u>15,302</u>	<u>14,631</u>
<b>Other fees to auditors</b>		
The auditing of accounts of any associate of the charity	724	1,300
Audit-related assurance services	1,295	1,295
All other non-audit services	<u>-</u>	<u>5,077</u>
	<u>2,019</u>	<u>7,672</u>

The audit fees include provision of accountancy services for the preparation of group accounts.

#### 15 Taxation

The group is a registered charity and is therefore exempt from taxation.

#### 16 Tangible fixed assets

##### Group

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Asset in the course of construction £	Total £
<b>Cost/Valuation</b>					
At 1 April 2020	18,723,526	408,530	14,950	627,522	19,774,528
Revaluations	(1,311,705)	-	-	-	(1,311,705)
Additions	<u>36,179</u>	<u>73,707</u>	<u>19,533</u>	<u>8,005</u>	<u>137,424</u>
At 31 March 2021	<u>17,448,000</u>	<u>482,237</u>	<u>34,483</u>	<u>635,527</u>	<u>18,600,247</u>
<b>Depreciation</b>					
At 1 April 2020	158,213	315,097	14,950	-	488,260
Charge for the year	-	43,167	-	-	43,167
Transfers	<u>(158,213)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(158,213)</u>
At 31 March 2021	<u>-</u>	<u>358,264</u>	<u>14,950</u>	<u>-</u>	<u>373,214</u>
<b>Net book value</b>					
At 31 March 2021	<u>17,448,000</u>	<u>123,973</u>	<u>19,533</u>	<u>635,527</u>	<u>18,227,033</u>
At 31 March 2020	<u>18,565,313</u>	<u>93,433</u>	<u>-</u>	<u>627,522</u>	<u>19,286,268</u>

Included within the net book value of land and buildings above is £214,000 (2020 - £190,000) in respect of freehold land and buildings and £17,234,000 (2020 - £18,375,313) in respect of leaseholds.

## Lakeland Arts

### Notes to the Financial Statements for the Year Ended 31 March 2021

#### Revaluation

The fair value of the group's Land and buildings was revalued on 19 November 2021 by Edwin Thompson, Chartered Surveyors, an independent valuer.

The property was valued on an open market value basis.

Had this class of asset been measured on a historical cost basis, their carrying amount would have been £190,000 (2020 - £190,000).

The fair value of the group's Leasehold improvements was revalued on 24 November 2021 by Hyde Harrington, Chartered Surveyors, an independent valuer.

The property was valued on an Asset Valuation for the Existing Use. As properties of this nature are not generally traded in the market Depreciated Replacement Cost has been used to determine the Asset Value.

Had this class of asset been measured on a historical cost basis, their carrying amount would have been £18,759,705 (2020 - £18,723,526).

#### Charity

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Asset in the course of construction £	Total £
<b>Cost/Valuation</b>					
At 1 April 2020	18,723,526	408,530	14,950	627,522	19,774,528
Revaluations	(1,311,705)	-	-	-	(1,311,705)
Additions	36,179	73,707	19,533	8,005	137,424
At 31 March 2021	17,448,000	482,237	34,483	635,527	18,600,247
<b>Depreciation</b>					
At 1 April 2020	158,213	315,097	14,950	-	488,260
Charge for the year	-	43,167	-	-	43,167
Transfers	(158,213)	-	-	-	(158,213)
At 31 March 2021	-	358,264	14,950	-	373,214
<b>Net book value</b>					
At 31 March 2021	17,448,000	123,973	19,533	635,527	18,227,033
At 31 March 2020	18,565,313	93,433	-	627,522	19,286,268

Included within the net book value of land and buildings above is £214,000 (2020 - £190,000) in respect of freehold land and buildings and £17,234,000 (2020 - £18,375,313) in respect of leaseholds.

## Lakeland Arts

### Notes to the Financial Statements for the Year Ended 31 March 2021

#### 17 Heritage assets

##### Group

##### Heritage assets not recognised in the balance sheet

From 1 August 2013 the charitable company entered into a Loan and Management Agreement with the owner of the collections, Lakeland Arts Trust under which all responsibilities in relation to the collections including acquisition, disposal, preservation and management, transferred to Lakeland Arts.

Lakeland Arts maintains a full inventory of all the collections held. This includes location and movements in and out of works of art and museum objects which, from time to time, may be loaned to/from other museums and galleries.

Due to the requirements of our funders, the WJM Boat Collection was recognised in our accounts. For the purposes of consistency, in the accounts for the year to 31st March 21, Lakeland Arts has reverted to the previous treatment of Heritage Assets and no longer recognises the boat collection on the Balance Sheet. The value of the Boat Collection has been written off to recognise this change in treatment of these assets.

##### Summary of transactions

	2021 £	2020 £	2019 £	2017 £	2016 £
<b>Purchases and additions</b>					
Books	-	-	-	-	2,500
Furniture	-	25,000	-	20,000	-
Textiles	-	-	-	1,062	-
Drawings	-	10	15,300	-	-
<b>Donations</b>					
Ceramics	-	-	-	-	2,750
Costume	-	-	-	-	700
Drawings	-	1,260	-	100	-
Engravings	-	500	-	-	-
Ephemera	-	155	-	-	270
Industrial history	-	240	-	100	-
Paintings	214,000	-	40,000	1,260,000	148,500
Photographs	3,100	-	-	-	-
Sculpture	750,000	-	-	-	-
Social history	100	-	170	250	865
Maritime	16,000	100	45,200	-	-
Furniture	-	3,000	-	-	-
Horology	-	500	-	-	-
<b>Total additions</b>	<b>983,200</b>	<b>30,765</b>	<b>100,670</b>	<b>1,281,512</b>	<b>155,585</b>

## **Lakeland Arts**

### **Notes to the Financial Statements for the Year Ended 31 March 2021**

#### **Charity**

##### **Heritage assets not recognised in the balance sheet**

The permanent collections are held by Lakeland Arts Trust.

##### **Lakeland Arts Trust's Collection of Works of Art and Museum Exhibits**

The principal areas of the collection are:

- Eighteenth century furniture, British landscape and portrait paintings, with a particularly strong group of works by George Romney;
- Eighteenth and nineteenth century watercolours, including an exceptional group by John Ruskin, four major works by JMW Turner and a number of other key works, many of which relate to the Lake District;
- Twentieth century and contemporary British art, with sculpture by figures such as Jean Arp, Barbara Hepworth and Elizabeth Frink, as well as work by many of the leading painters including Samuel Peploe, Ben and Winifred Nicholson, a strong group of St Ives work, Kurt Schwitters, Stanley Spencer, Graham Sutherland, John Piper, Ivon Hitchens, Frank Auerbach, Paula Rego, Bridget Riley and Sean Scully;
- Strong holding of prints by such names as Henry Moore, David Hockney and Lucian Freud;
- Material relating to the social and industrial history of the Lake District and Kendal. This includes nineteenth and twentieth century photographs, Lake District crafts, rural trades and industries and domestic and shop interiors. There is important material relating to the author Arthur Ransome, Annie Garnett's early twentieth century textiles made at the Spinnery in Bowness and arts and crafts furniture by Arthur Simpson of Kendal and other regional makers;
- Material relating to M.H. Baillie Scott including furniture, books and published designs, archive material relating to the history of Blackwell, Arts & Crafts furniture and a small number of objects by Arts & Crafts designers and/or makers shown principally at Blackwell The Arts and Crafts House;
- Small collection of studio ceramics;
- Over 40 boats and a large collection of smaller objects relating to boats and boating on Lake Windermere. The collection is acknowledged to be one of the most important collections of vessels generic to one location worldwide and to reflect important themes in technical, social and economic history. The Pattinson Collection, named after the founder of the Museum Mr G.H. Pattinson, was augmented and added to by the collection of the Windermere Nautical Trust and covers many aspects of boating on Windermere including wooden steam launches, motor boats, yachts and canoes. Eleven boats were transferred to the Lakeland Arts Trust through H.M. Government's Acceptance in Lieu Scheme in 2007.

##### **Acquisitions**

Potential acquisitions, which may be purchased or gifted, must meet the requirements laid out in the charitable company's Collections Development Policy (2017).

##### **Disposals**

By definition, the Lakeland Arts Trust has a long-term purpose and holds collections in trust for society in relation to its stated objectives. The Trustees therefore accept the principle that sound curatorial reasons for disposal must be established before consideration is given to the disposal of any items in Lakeland Arts collections. The disposal policy is detailed in Lakeland Arts' Collections Development Policy (2017).

##### **Preservation and Management**

Lakeland Arts Trust was first awarded MLA Accreditation status in 2009 and following the award Abbot Hall, Blackwell and the Lakeland Museum entered into a planned timetable of collections preservation, care and management. Accreditation is now operated by Arts Council England. Windermere Jetty Museum applied for 'Working Towards Accreditation' status (WTA) when it opened to the public in 2019.



## Lakeland Arts

### Notes to the Financial Statements for the Year Ended 31 March 2021

In 2010 some of the principal objects in the collection were valued by Sotheby's. The valuation was carried out specifically to inform a risk management exercise which resulted in a review of the insured values and risks for the collection. For the purpose of reinstatement the value of all of the charitable company's Heritage assets, including buildings and land is estimated as £62.7m.

#### 18 Fixed asset investments

##### Group

	2021 £	2020 £
Investment properties	286,000	355,000
Other investments	621,838	659,041
	<u>907,838</u>	<u>1,014,041</u>

##### Investment properties

	Investment properties £
<b>Cost or Valuation</b>	
At 1 April 2020	355,000
Revaluation	<u>(69,000)</u>
At 31 March 2021	286,000
<b>Provision</b>	
At 31 March 2021	<u>-</u>
<b>Net book value</b>	
At 31 March 2021	<u>286,000</u>
At 31 March 2020	<u>355,000</u>

The investment properties were valued in 2021 by Edwin Thompson, Chartered Surveyors, on an open market value basis.

# Lakeland Arts

## Notes to the Financial Statements for the Year Ended 31 March 2021

### Other investments

	Listed investments £	Total £
<b>Cost or Valuation</b>		
At 1 April 2020	659,041	659,041
Revaluation	112,600	112,600
Disposals	(149,803)	(149,803)
At 31 March 2021	<u>621,838</u>	<u>621,838</u>
<b>Net book value</b>		
At 31 March 2021	<u>621,838</u>	<u>621,838</u>
At 31 March 2020	<u>659,041</u>	<u>659,041</u>

### Charity

	2021 £	2020 £
Investment properties	286,000	355,000
Shares in group undertakings and participating interests	2	2
Other investments	-	37,638
	<u>286,002</u>	<u>392,640</u>

### Investment properties

	Investment properties £
<b>Cost or Valuation</b>	
At 1 April 2020	355,000
Revaluation	<u>(69,000)</u>
At 31 March 2021	286,000
<b>Provision</b>	
At 31 March 2021	<u>-</u>
<b>Net book value</b>	
At 31 March 2021	<u>286,000</u>
At 31 March 2020	<u>355,000</u>

The investment properties were valued in 2021 by Edwin Thompson, Chartered Surveyors, on an open market value basis.

## Lakeland Arts

### Notes to the Financial Statements for the Year Ended 31 March 2021

#### Shares in group undertakings and participating interests

	Subsidiary undertakings £	Total £
<b>Cost</b>		
At 1 April 2020	2	2
At 31 March 2021	2	2
<b>Net book value</b>		
At 31 March 2021	2	2
At 31 March 2020	2	2

#### Other investments

	Listed investments £	Total £
<b>Cost or Valuation</b>		
At 1 April 2020	37,638	37,638
Revaluation	5,150	5,150
Disposals	(42,788)	(42,788)
At 31 March 2021	-	-
<b>Net book value</b>		
At 31 March 2021	-	-
At 31 March 2020	37,638	37,638

#### Details of undertakings

Details of the investments in which the charity holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held		Principal activity
			2021	2020	
Subsidiary undertakings					
Lakeland Arts Enterprises Ltd	England	Ordinary	100%	100%	Operating tea rooms and gift shops

# Lakeland Arts

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 19 Stock

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Finished goods	<u>33,397</u>	<u>36,451</u>	<u>-</u>	<u>-</u>

### 20 Debtors

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	14,283	167,699	13,994	166,815
Due from group undertakings	-	-	273,363	224,272
Prepayments	24,079	32,460	24,079	32,460
Accrued income	47,189	5,276	47,189	5,276
VAT recoverable	20,652	18,708	20,348	17,461
Other debtors	<u>14,996</u>	<u>13,782</u>	<u>14,996</u>	<u>13,782</u>
	<u>121,199</u>	<u>237,925</u>	<u>393,969</u>	<u>460,066</u>

### 21 Cash and cash equivalents

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Cash on hand	3,255	3,398	3,255	3,398
Cash at bank	236,865	57,074	236,721	56,784
Short-term deposits	<u>391,532</u>	<u>353</u>	<u>384,967</u>	<u>-</u>
	<u>631,652</u>	<u>60,825</u>	<u>624,943</u>	<u>60,182</u>

### 22 Creditors: amounts falling due within one year

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Bank loans	9,167	-	9,167	-
Trade creditors	277,426	714,638	274,991	685,342
Other loans	-	300,000	-	300,000
Other taxation and social security	23,320	24,584	23,320	24,584
Other creditors	26,266	9,046	25,115	9,045
Accruals	26,936	17,888	20,176	13,273
Deferred income	<u>13,194</u>	<u>13,194</u>	<u>13,194</u>	<u>13,194</u>
	<u>376,309</u>	<u>1,079,350</u>	<u>365,963</u>	<u>1,045,438</u>

## Lakeland Arts

### Notes to the Financial Statements for the Year Ended 31 March 2021

#### Deferred income

	2021 £	2020 £
Deferred income at 1 April 2020	13,194	84,988
Resources deferred in the period	13,194	13,194
Amounts released from previous periods	<u>(13,194)</u>	<u>(84,988)</u>
Deferred income at year end	<u>13,194</u>	<u>13,194</u>

	2021 £	2020 £
Deferred income at 1 April 2020	13,194	84,988
Resources deferred in the period	13,194	13,194
Amounts released from previous periods	<u>(13,194)</u>	<u>(84,988)</u>
Deferred income at year end	<u>13,194</u>	<u>13,194</u>

#### 23 Creditors: amounts falling due after one year

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Bank loans	40,833	-	40,833	-
Other loans	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
	<u>1,240,833</u>	<u>1,200,000</u>	<u>1,240,833</u>	<u>1,200,000</u>

#### Charity

Included in the creditors are the following amounts due after more than five years:

	2021 £	2020 £
After more than five years not by instalments	<u>1,200,000</u>	<u>1,200,000</u>

#### Borrowings due after five years

The HLF loan is secured on the Windermere Jetty Museum.

Lakeland Arts executive team has created a 5 year financial forecast, which is based upon best current information. The financial forecast currently demonstrates that the HLF Loan will begin to be repaid in 24/25.

#### 24 Pension and other schemes

##### Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £21,744 (2020 - £Nil).

## Lakeland Arts

### Notes to the Financial Statements for the Year Ended 31 March 2021

#### Defined benefit pension schemes

##### Cumbria Local Government Pension Scheme

Lakeland Arts Trust is a member of the Cumbria Local Government Pension Scheme. This is a multi-employer scheme and the figures in these accounts are from the latest Mercer report on Lakeland Arts Trust's share of the scheme. This is the first year that the Mercer's reports have been received since the scheme became live again following the introduction of a new employee to the scheme.

#### *Reconciliation of scheme assets and liabilities to assets and liabilities recognised*

The amounts recognised in the statement of financial position are as follows:

	2021 £	2020 £
Fair value of scheme assets	1,422,000	1,237,000
Present value of defined benefit obligation	<u>(1,858,000)</u>	<u>(1,729,000)</u>
Defined benefit pension scheme deficit	<u>(436,000)</u>	<u>(492,000)</u>

#### *Defined benefit obligation*

Changes in the defined benefit obligation are as follows:

	2021 £
Present value at start of year	(1,729,000)
Current service cost	(2,000)
Interest cost	(42,000)
Actuarial gains and losses	(152,000)
Benefits paid	<u>67,000</u>
Present value at end of year	<u>(1,858,000)</u>

#### *Fair value of scheme assets*

Changes in the fair value of scheme assets are as follows:

	2021 £
Fair value at start of year	1,237,000
Interest income	29,000
Actuarial gains and losses	208,000
Employer contributions	15,000
Benefits paid	<u>(67,000)</u>
Fair value at end of year	<u>1,422,000</u>

#### *Analysis of assets*

The major categories of scheme assets are as follows:

## Lakeland Arts

### Notes to the Financial Statements for the Year Ended 31 March 2021

	2021	2020
	£	£
Cash and cash equivalents	58,000	59,000
Equity instruments	546,000	573,000
Government bonds	250,000	226,000
Property	114,000	73,000
Other bonds	-	82,000
Other	454,000	224,000
	<u>1,422,000</u>	<u>1,237,000</u>

#### *Return on scheme assets*

	2021	2020
	£	£
Return on scheme assets	<u>237,000</u>	<u>(47,000)</u>

The pension scheme has not invested in any of the group's own financial instruments or in properties or other assets used by the group.

#### *Principal actuarial assumptions*

The principal actuarial assumptions at the statement of financial position date are as follows:

	2021	2020
	%	%
Mortality rate	1.75	1.75
Discount rate	2.10	2.40
Future salary increases	4.20	3.60
Future pension increases	2.80	2.20
Inflation	<u>2.70</u>	<u>2.10</u>

#### *Post retirement mortality assumptions*

	2021	2020
	Years	Years
Current UK pensioners at retirement age - male	23.00	23.00
Current UK pensioners at retirement age - female	25.00	25.00
Future UK pensioners at retirement age - male	24.00	24.00
Future UK pensioners at retirement age - female	<u>27.00</u>	<u>27.00</u>

# Lakeland Arts

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 25 Funds

#### Group

	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2021 £
<b>Unrestricted funds</b>						
<i>General</i>						
General funds	(152,676)	2,348,697	(1,855,644)	48,488	(33,555)	355,310
<i>Designated</i>						
Pension scheme deficit	(492,000)	-	(13,300)	13,301	56,000	(435,999)
<b>Total unrestricted funds</b>	<b>(644,676)</b>	<b>2,348,697</b>	<b>(1,868,944)</b>	<b>61,789</b>	<b>22,445</b>	<b>(80,689)</b>
<b>Restricted funds</b>						
Windermere Jetty Construction	18,375,314	-	-	36,179	(1,177,493)	17,234,000
Windermere Jetty Capital Funds	-	285,247	(4,535)	-	-	280,712
NLHF loan	(1,200,000)	-	-	-	-	(1,200,000)
Blackwell Endowment	-	20,171	(20,171)	-	-	-
Aurelius Trust (Blackwell Library)	1,163	-	-	-	-	1,163
Abbot Hall Redevelopment	741,044	4,542	(1,116)	-	-	744,470
National Lottery Fund, Resilient Heritage	6,314	-	(8,917)	2,603	-	-
The Japan Society	-	750	(750)	-	-	-
Cumbria Community Foundation	-	1,175	(1,175)	-	-	-
The John Ellerman Foundation	-	31,667	(31,667)	-	-	-
The Pilgrim Trust	-	8,341	(8,341)	-	-	-
The Headley Trust	-	15,000	(15,000)	-	-	-
BESTT	-	12,728	(12,728)	-	-	-
NHLF	-	250,000	(194,277)	-	-	55,723
Art Fund	-	44,895	(11,557)	-	-	33,338
Garfield Weston Foundation	-	200,000	(6,323)	584	-	194,261
Granada Foundation	-	2,000	(2,000)	-	-	-
Clore Duffield Foundation	-	20,000	-	-	-	20,000
Kendal Town Council	-	3,000	(3,000)	-	-	-
<b>Total restricted funds</b>	<b>17,923,835</b>	<b>899,516</b>	<b>(321,557)</b>	<b>39,366</b>	<b>(1,177,493)</b>	<b>17,363,667</b>



## Lakeland Arts

### Notes to the Financial Statements for the Year Ended 31 March 2021

	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2021 £
<i>Permanent</i>						
Blackwell Endowment	<u>585,000</u>	<u>-</u>	<u>-</u>	<u>(101,155)</u>	<u>101,155</u>	<u>585,000</u>
<b>Total funds</b>	<u>17,864,159</u>	<u>3,248,213</u>	<u>(2,190,501)</u>	<u>-</u>	<u>(1,053,893)</u>	<u>17,867,978</u>

# Lakeland Arts

## Notes to the Financial Statements for the Year Ended 31 March 2021

	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2020 £ (As restated)
<b>Unrestricted funds</b>						
<i>General</i>						
General funds	(1,802,982)	2,304,308	(3,113,746)	2,453,943	5,801	(152,676)
Prior year adjustment	<u>(5,281)</u>	<u>-</u>	<u>-</u>	<u>5,281</u>	<u>-</u>	<u>-</u>
	<u>(1,808,263)</u>	<u>2,304,308</u>	<u>(3,113,746)</u>	<u>2,459,224</u>	<u>5,801</u>	<u>(152,676)</u>
<i>Designated</i>						
Pension scheme deficit	(458,252)	-	(15,000)	(57,748)	39,000	(492,000)
Prior year adjustment pension scheme	<u>(104,748)</u>	<u>-</u>	<u>-</u>	<u>104,748</u>	<u>-</u>	<u>-</u>
	<u>(563,000)</u>	<u>-</u>	<u>(15,000)</u>	<u>47,000</u>	<u>39,000</u>	<u>(492,000)</u>
<b>Total unrestricted funds</b>	<u>(2,371,263)</u>	<u>2,304,308</u>	<u>(3,128,746)</u>	<u>2,506,224</u>	<u>44,801</u>	<u>(644,676)</u>
<b>Restricted funds</b>						
Windermere Jetty Construction	17,864,731	889,149	(160,487)	(218,079)	-	18,375,314
Windermere Boat Collection	1,213,047	-	-	(1,213,047)	-	-
Prior year adjustment	<u>(1,213,047)</u>	<u>-</u>	<u>-</u>	<u>1,213,047</u>	<u>-</u>	<u>-</u>
NLHF loan	-	-	-	(1,200,000)	-	(1,200,000)
Blackwell Endowment	-	33,797	(33,797)	-	-	-
Aurelius Trust (Blackwell Library)	1,163	-	-	-	-	1,163
Exhibitions & Collections Funds	-	3,000	(3,000)	-	-	-
Abbot Hall Redevelopment	670,824	182,951	(19,479)	(93,252)	-	741,044
National Lottery Fund, Resilient Heritage	-	176,780	(114,616)	(55,850)	-	6,314
Art Fund grant for collection	-	7,500	(7,500)	-	-	-
National Heritage Memorial Fund - collection	-	16,700	(16,700)	-	-	-
The John Ellerman Foundation	-	18,472	(18,472)	-	-	-
The Pilgrim Trust	-	16,659	(16,659)	-	-	-
The Headley Trust	-	25,000	(25,000)	-	-	-
BESTT	<u>-</u>	<u>4,036</u>	<u>(4,036)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total restricted funds</b>	<u>18,536,718</u>	<u>1,374,044</u>	<u>(419,746)</u>	<u>(1,567,181)</u>	<u>-</u>	<u>17,923,835</u>

# Lakeland Arts

## Notes to the Financial Statements for the Year Ended 31 March 2021

	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2020 £ (As restated)
<b><i>Permanent</i></b>						
Blackwell Endowment	1,131,072	-	-	(546,403)	331	585,000
<b><i>Expendable</i></b>						
General Endowment	<u>394,360</u>	<u>-</u>	<u>-</u>	<u>(392,640)</u>	<u>(1,720)</u>	<u>-</u>
	<u>394,360</u>	<u>-</u>	<u>-</u>	<u>(392,640)</u>	<u>(1,720)</u>	<u>-</u>
<b>Total endowment funds</b>	<u>1,525,432</u>	<u>-</u>	<u>-</u>	<u>(939,043)</u>	<u>(1,389)</u>	<u>585,000</u>
<b>Total funds</b>	<u>17,690,887</u>	<u>3,678,352</u>	<u>(3,548,492)</u>	<u>-</u>	<u>43,412</u>	<u>17,864,159</u>

# Lakeland Arts

## Notes to the Financial Statements for the Year Ended 31 March 2021

### Charity

	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2021 £
<b>Unrestricted funds</b>						
<i>General</i>						
General funds	29,883	2,167,166	(1,556,348)	(39,366)	(39,850)	561,485
<b>Restricted funds</b>						
Windermere Jetty Construction	18,375,313	-	-	36,180	(1,177,493)	17,234,000
Windermere Jetty Capital Funds	-	285,247	(4,535)	-	-	280,712
HLF loan	(1,200,000)	-	-	-	-	(1,200,000)
Aurelius Trust (Blackwell Library)	1,163	-	-	-	-	1,163
Abbot Hall Redevelopment	741,044	4,542	(1,116)	-	-	744,470
Heritage Lottery Fund Resilience	6,314	-	(8,917)	2,603	-	-
The Japan Society	-	750	(750)	-	-	-
Cumbria Community Foundation	-	1,175	(1,175)	-	-	-
The John Ellerman Foundation	-	31,667	(31,667)	-	-	-
The Pilgrim Trust - for conservation	-	8,341	(8,341)	-	-	-
The Headley Trust	-	15,000	(15,000)	-	-	-
BESTT	-	12,728	(12,728)	-	-	-
NHLF	-	250,000	(194,277)	-	-	55,723
Art Fund	-	44,895	(11,557)	-	-	33,338
Garfield Weston Foundation	-	200,000	(6,323)	583	-	194,260
Granada Foundation	-	2,000	(2,000)	-	-	-
Clore Duffield Foundation	-	20,000	-	-	-	20,000
Kendal Town Council	-	3,000	(3,000)	-	-	-
<b>Total restricted funds</b>	<u>17,923,834</u>	<u>879,345</u>	<u>(301,386)</u>	<u>39,366</u>	<u>(1,177,493)</u>	<u>17,363,666</u>
<b>Total funds</b>	<u>17,953,717</u>	<u>3,046,511</u>	<u>(1,857,734)</u>	<u>-</u>	<u>(1,217,343)</u>	<u>17,925,151</u>

## Lakeland Arts

### Notes to the Financial Statements for the Year Ended 31 March 2021

	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2020 £ (As restated)
<b>Unrestricted funds</b>						
<i>General</i>						
General funds	(1,744,021)	2,174,748	(2,366,466)	1,959,821	5,801	29,883
<b>Restricted funds</b>						
Windermere Jetty Construction	17,864,730	889,149	(160,487)	(218,079)	-	18,375,313
Windermere Boat Collection	1,213,047	-	-	(1,213,047)	-	-
Prior year adjustment	(1,213,047)	-	-	1,213,047	-	-
HLF loan	-	-	-	(1,200,000)	-	(1,200,000)
Aurelius Trust (Blackwell Library)	1,163	-	-	-	-	1,163
Exhibitions & Collections funds	-	3,000	(3,000)	-	-	-
Abbot Hall Redevelopment	670,824	182,951	(19,479)	(93,252)	-	741,044
Heritage Lottery Fund Resilience	-	176,780	(114,616)	(55,850)	-	6,314
Art Fund grant for collection	-	7,500	(7,500)	-	-	-
National Heritage Memorial Fund - for collection	-	16,700	(16,700)	-	-	-
The John Ellerman Foundation	-	18,472	(18,472)	-	-	-
The Pilgrim Trust - for conservation	-	16,659	(16,659)	-	-	-
The Headley Trust	-	25,000	(25,000)	-	-	-
BESTT	-	4,036	(4,036)	-	-	-
<b>Total restricted funds</b>	<b>18,536,717</b>	<b>1,340,247</b>	<b>(385,949)</b>	<b>(1,567,181)</b>	<b>-</b>	<b>17,923,834</b>
<i>Expendable</i>						
General endowment	394,360	-	-	(392,640)	(1,720)	-
	394,360	-	-	(392,640)	(1,720)	-
<b>Total funds</b>	<b>17,187,056</b>	<b>3,514,995</b>	<b>(2,752,415)</b>	<b>-</b>	<b>4,081</b>	<b>17,953,717</b>

# Lakeland Arts

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 26 Analysis of net assets between funds

#### Group

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated	funds	Expendable	at 31 March
	£	£	£	£	2021
Tangible fixed assets	357,506	-	17,869,527	-	18,227,033
Fixed asset investments	322,838	-	-	585,000	907,838
Current assets	92,108	-	694,140	-	786,248
Current liabilities	(376,309)	-	-	-	(376,309)
Creditors over 1 year	(40,833)	-	(1,200,000)	-	(1,240,833)
Pension scheme liability	-	(435,999)	-	-	(435,999)
Total net assets	<u>355,310</u>	<u>(435,999)</u>	<u>17,363,667</u>	<u>585,000</u>	<u>17,867,978</u>

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated	funds	Expendable	at 31 March
	£	£	£	£	2020
Tangible fixed assets	283,382	-	19,002,885	-	19,286,267
Fixed asset investments	429,041	-	-	585,000	1,014,041
Current assets	214,251	-	120,950	-	335,201
Current liabilities	(1,079,350)	-	-	-	(1,079,350)
Creditors over 1 year	-	-	(1,200,000)	-	(1,200,000)
Pension scheme liability	-	(492,000)	-	-	(492,000)
Total net assets	<u>(152,676)</u>	<u>(492,000)</u>	<u>17,923,835</u>	<u>585,000</u>	<u>17,864,159</u>

# Lakeland Arts

## Notes to the Financial Statements for the Year Ended 31 March 2021

### Charity

	Unrestricted funds General £	Restricted funds £	Total funds at 31 March 2021 £
Tangible fixed assets	357,506	17,869,527	18,227,033
Fixed asset investments	286,002	-	286,002
Current assets	324,773	694,139	1,018,912
Current liabilities	(365,963)	-	(365,963)
Creditors over 1 year	(40,833)	(1,200,000)	(1,240,833)
Total net assets	<u>561,485</u>	<u>17,363,666</u>	<u>17,925,151</u>
	Unrestricted funds General £	Restricted funds £	Total funds at 31 March 2020 £
Tangible fixed assets	283,382	19,002,885	19,286,267
Fixed asset investments	392,640	-	392,640
Current assets	399,299	120,949	520,248
Current liabilities	(1,045,438)	-	(1,045,438)
Creditors over 1 year	-	(1,200,000)	(1,200,000)
Total net assets	<u>29,883</u>	<u>17,923,834</u>	<u>17,953,717</u>

### 27 Analysis of net funds

### Group

	At 1 April 2020 £	Financing cash flows £	At 31 March 2021 £
Cash at bank and in hand	60,825	550,827	611,652
Debt due within one year	(300,000)	290,833	(9,167)
Debt due after more than one year	(1,200,000)	(40,833)	(1,240,833)
Net debt	<u>(1,439,175)</u>	<u>800,827</u>	<u>(638,348)</u>
	At 1 April 2019 £	Financing cash flows £	At 31 March 2020 £
Cash at bank and in hand	182,601	(121,776)	60,825
Debt due within one year	(400,000)	100,000	(300,000)
Debt due after more than one year	-	(1,200,000)	(1,200,000)
Net debt	<u>(217,399)</u>	<u>(1,221,776)</u>	<u>(1,439,175)</u>

## **Lakeland Arts**

### **Notes to the Financial Statements for the Year Ended 31 March 2021**

#### **28 Related party transactions**

##### **Group**

During the year the group made the following related party transactions:

##### **Gilbert Gilkes & Gordon Ltd**

Charles Crewdson, Trustee, is a Director and Shareholder of Gilbert Gilkes & Gordon Ltd. During 2019 Gilbert Gilkes & Gordon Ltd advanced a bridging loan of £400,000 to the charity. The interest charged in the year was £14,552 (2019 - £5,130 set up charge).

At the balance sheet date the amount due to/from from Gilbert Gilkes & Gordon Ltd was £Nil (2020 - £300,000).

The loan was repaid in September 2020.