

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 2022

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

Lakeland Arts

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Reference and Administrative Details

Trustees	E M Astle
	M Benjamin
	S A Crewe
	K M Howarth
	A Karwa
	E Kentley
	A M Lyles
	J Mottram PhD
	D Reid MCIOF
	G F Rycroft
	Lady E Scott
	N W R Thompson
Senior Leadership Team	R Harris, Chief Executive
	E Moss, Chief Operating Officer (until 11 June 2021)
	L Garrett Hampson, Head of Marketing and Communications (joined 14 October 2021)
	C Gilbert, Head of Development (until 28 February 2022)
	C Kennedy, Director of Finance and Resources
	K Offord, Head of Curatorial (until 23 July 2021)
	I Read, Head of Engagement and Content
	C Robinson, Head of Innovation and Business Development
Charity Registration Number	J Wilson, Acting Head of Development (from 28 February 2022)
	A Saczek, Head of Visitor Experience
Charity Registration Number	1153001
Company Registration Number	8162578
	The charity is incorporated in England.

Lakeland Arts

Reference and Administrative Details

Registered Office	Abbot Hall Gallery Kirkland Kendal LA9 5AL
Auditor	Stables Thompson & Briscoe Chartered Accountants & Statutory Auditor Lowther House Lowther Street Kendal LA9 4DX
Solicitors	Simpson Millar (to June 2020) 5/7 Skipton Street Morecambe LA4 4AW
Bankers	Barclays Bank Plc 9 Highgate Kendal LA9 4DF

Lakeland Arts

Strategic Report for the Year Ended 31 March 2022

The trustees, who are directors for the purposes of company law, present their strategic report for the year ended 31 March 2022, in compliance with s414C of the Companies Act 2006.

Chair's Foreword 21-22

During 21-22, Lakeland Arts' staff, volunteers and trustees continued to respond to the challenges of the Covid19 pandemic with extraordinary energy and dedication. Its impact was felt on every aspect of our operations. However, we continued to deliver high quality exhibitions and events, a rich programme of activities and many opportunities for engagement throughout the year, in line with our charitable aims and in new formats adapted both to meet the needs of our audiences and to comply with Covid safety requirements.

We started the year with all our sites closed to the public and over 50% of our staff still on furlough. The remainder of the team worked mainly from home, except when undertaking regular monitoring of security and environmental conditions. However, we increased our external communications during closure as the primary means of engaging with audiences. We were able to fully re-open to the public in May 2021, with a number of health and safety and social distancing measures in place for both visitors and staff.

Staff were keen to welcome visitors back again and to be at work, as this was our third experience of opening sites after successive lockdowns, we were able to do this adeptly.

2021 was a busy summer and staff deserve praise and commendation for working exceptionally hard in challenging circumstances. Visitor Experience and Catering Teams, in particular, were short-staffed all summer, because of the national recruitment crisis. We mitigated this with operational and menu changes, backfilling with younger seasonal staff and some senior staff supporting where appropriate. Despite all of this, our people-facing teams have delivered a consistently high-standard experience throughout the summer.

To support staff returning to work, we introduced an Employee Assistance Programme that provides support for employees and their immediate family in several health and welfare areas. We also standardised annual leave across the organisation.

We were delighted that Windermere Jetty Museum (WJM) was nominated as a finalist for the Stirling Prize, the most coveted architectural award in the UK. The RIBA Stirling Prize Judges visited WJM in October, Chaired by Lord Foster, who commented that "on the shores of Windermere is a gem of a museum". This nomination has placed WJM on the international stage and it is considered one of the six most important contemporary buildings in the country, this year.

Prior to that Windermere Jetty Museum won the: RIBA North West Award 2021, RIBA North West Building of the Year Award 2021 and RIBA North West Client of the Year Award 2021.

"The client, Lakeland Arts, is to be applauded for having the confidence and ambition to commission this significant piece of architecture and major building in a sensitive location at the heart of the Lake District National Park. The project has been seen through with rigour and integrity from the architectural competition in 2011 to its successful opening to the public. It has enabled Lakeland Arts to further develop their longstanding commitment to artistic and cultural engagement with visitors and the local community." RIBA judge

We were also thrilled that MEND (Make, Enjoy, New Dialogue), a community-focused project created in response to the COVID-19 pandemic, aimed at connecting people across Cumbria through creative collaboration and shared experiences, has won a Fantastic for Families award. This award is for Audience Impact and Innovation with the judges being 'impressed with the dynamic approach to partnerships with community groups from outside of the arts world'.

Next stage for this innovative project is to convert a Ford Transit van into a mobile MEND and making workshop and museum on wheels that will tour around Cumbria. This will take place in 2022.

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During autumn 2021, Lakeland Arts hosted a number of VIP visitors, including HRH the Duchess of Cambridge in September. She arrived at WJM on our very own Steam Launch Osprey with two of the surviving 'Windermere Children', a group of 300 child Holocaust survivors who came to stay in the Lake District in 1945. We hosted this event and supported the Lake District Holocaust Project, the charity who are keeping this important part of Windermere's history alive. The Duchess' visit generated a lot of media attention. The CEO met and greeted her as she arrived at WJM and spoke briefly about our work.

We were pleased to welcome Darren Henley, Director of Arts Council England for his first visit to WJM, as part of a trip to Cumbria. He particularly enjoyed his trip on Osprey. In collaboration with Cumbria Tourism, DCMS's new Head of Tourism, Hanna Ostling also visited Cumbria and a tour of WJM with the Chair and CEO was followed by a constructive round-table discussion with other key cultural organisations in our region.

We successfully raised emergency funding of £1.2M from statutory, Lottery, charitable and philanthropic sources to address the C19 loss of income. Included in the £1.2M was £674K Cultural Recovery Funding. This was an unprecedented fund created by the government to tackle the crisis that has faced cultural organisations and heritage sites during the coronavirus pandemic.

We were severely affected by Storm Arwen, with physical damage to our sites and power outages for almost a week. Our sites were closed for several days and some boats in our collection required repair and conservation.

Lakeland Arts is part of the Cumbria Museum Consortium (CMC) and collaboratively we deliver cultural engagement and activities for the people of Cumbria. The Consortium receives Art Council England (ACE) National Portfolio Organisation (NPO) funding. In 21-22, we revised our CMC key objectives to ensure that we are reflecting the investment principles in ACE's new strategy Let's Create as well as continuing to fulfil our existing funding obligations. The NPO process was been extended by a year due to Covid-19 so we have another year's guaranteed funding before applying for the new funding round to start in 2023.

Steering our way through this challenging period and the many successes of 2021-22 must be credited to the dedicated Lakeland Arts staff, led by CEO Rhian Harris, and to our team of committed volunteers. I would also like to thank to my fellow Trustees and the members of our Committees and Advisory Groups who work hard to maintain the highest standards of governance and accountability. I am hugely grateful to everyone who contributes their time and expertise for the benefit of Lakeland Arts and its visitors.

I would like to thank our regular funders - Arts Council England and the South Lakeland District Council for their steadfast support, as well as the many other trusts and foundations who have provided grants and donations during the year. My heartfelt thanks also go to our Patrons, Benefactors and Friends ,who are enthusiastic champions of Lakeland Arts and have continued to support us through the ups and downs of the many and various consequences of Covid 19. We are very grateful to you.

Our Activities

Context

Lakeland Arts continued to be impacted by the Covid-19 pandemic during the 2021/22 financial year and consequent loss of income.

To mitigate these losses, we 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 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 improved income generation and using Windermere Jetty Museum as a venue for outdoor theatre and cinema over the summer.

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We also made physical, digital and programme adaptations to Windermere Jetty Museum. These include:

- Expanding the outdoor catering offer by installing hand crafted 'pavilions' with heated seating, making the most of location and extended visitor season
- Implementing STEAMScope, a year-long research programme to inform future capital development and adaptation of external spaces and outdoor programme at the Museum. They will build on Windermere Jetty Museum's strengths in science, technology, engineering, arts and maths (STEAM) and target local and tourist family audiences and schools.
- Building online and digital programming into the museum's permanent displays; delivering imaginative, engaging, audience experiences using augmented reality.
- Introducing online retail to increase income.

Windermere Jetty Museum and Blackwell re-opened in May 2021. Using Visit Britain recommendations, we set realistic targets for visitor numbers based on restrictions on admission numbers and the expectation that visitors would be cautious.

Venue	21/22 Visitor Numbers	% compared to budget	% compared to 2019 actuals
Blackwell	18,112	116%	64%
Windermere Jetty Museum	18,633	97%	66%

There is a noticeable drop off in admissions in the fourth quarter at Blackwell, in line with staffing shortages but still remaining higher than budget.

Programming

In the financial year 21-22, Lakeland Arts delivered a wide range of exhibitions, displays and events; onsite, in the community and online.

Exhibitions

House of the Setting Sun

In May 2021 we opened the *House of the Setting Sun* exhibition at Blackwell which focused on Japanese objects in our collection. The majority of the objects had never been on display before and required extensive research, conservation cleaning and bespoke mounting solutions.

The most significant of these was the Late Edo-Period kimono we had in our collection, which had been wrongly attributed upon its entry into the collection as a British made replica. Through research, our Programme Curator was able to identify it as a Japanese garment dating from Late Edo Period and deduce the samurai family to which it belonged. She consulted with an expert at the V&A, who confirmed her research was correct. Another significant piece of work completed in the preparatory stages of the exhibition was the research and attribution of many of our Japanese works on paper. Through research, we discovered that our collection contains woodblock prints by some of the great Japanese Ukiyo-e artists, including Katsushika Hokusai, Utagawa Hiroshige and Utagawa Kunisada.

For the exhibition, we also commissioned UK-based Manga artist Inko Ai-Takitas to create an engaging Yokai trail for younger audiences at Blackwell; Yokai are supernatural beings from Japanese folklore.

"So lovely to return to this beautiful house after months of shielding. The staff were very welcoming and the Covid procedures in place made us feel safe and secure on site. Our visit was enhanced by the new House of the Setting Sun exhibition which shows the links between our Arts & Crafts Movement and traditional Japanese crafts."

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Wrecked!

The *Wrecked!* exhibition opened at the end of May 2021 as a family-friendly experience and trail around the museum which explored Windermere's long-lost shipwrecked boats including The Mournful Marriage, a tragic ferry accident that took place on Windermere, the early accidents of the first steamboats and amazing rescues of boats pulled from the depths of Windermere.

Visitors explored an immersive experience that asked them to solve puzzles, reveal secrets, and discover stories that were once lost to the water. *Wrecked!* spanned both the indoor and outdoor spaces of the museum.

Wrecked! also highlighted the opportunities we all have to limit our environmental impact on the lake and help protect the lake for future generations.

The exhibition was developed alongside children from St Martin and St Marys Primary School in Windermere. It also included recording two oral history interviews using video conferencing for the first time; enabling us to collect the fascinating story of a helicopter crash on Windermere in 2001, and a first-hand account of the raising of Steam Launch Dolly in 1962.

Most of the items in the exhibition have never been displayed to the public before. Two of the 'shipwrecks' are model boats which were found in the Windermere Steamboat Museum collection. Using documentation research, we confirmed that they were a historic loan from the Lakeland Museum collection and had been dug out of Windermere silt near Cockshott Point.

"Best museum we have taken them to. Honestly - they engaged and learned and laughed!" Boys aged 7 & 10 on holiday.

Class, Covid & Cumbria (including; Weathering the Storm & Juliet Klottrup)

In collaboration with the Currell Collection, Lakeland Arts staged an exhibition from October 2021 to February 2022 at Blackwell to explore the motifs and imagery in Grayson Perry's tapestry, *The Annunciation of the Virgin Deal*, which illustrates the life and times of Tim Rakewell. This is one of a series of six tapestries by Perry which are a play on A Rake's Progress, based on William Hogarth's 18th-century paintings, they tell a man's story as he rises from working-class obscurity to greatness and then falls again.

This important work was used as a starting point to explore ideas of class and education and the impact of the Covid-19 pandemic on different sections of society. This has included commissioning a new artwork by Cumbrian artists inspired by the tapestry's themes:

Juliet Klottrup, an award-winning young photographer, was commissioned to capture six portraits of Cumbrians and collect their stories of the Covid-19 pandemic. Displayed alongside photographs by Joseph Hardman from the Lakeland Arts Collection, this part of the exhibition highlighted the great variety of lockdown experiences and those shared experiences that brought communities together.

An external commission by Cumbrian textile artist Rosie Galloway-Smith. Inspired by the repeat patterns found within Blackwell, Galloway-Smith created repeat pattern textiles featuring motifs inspired by community narratives, which were then constructed into clothing and hung upon a washing line. Entitled *weathering the storm*, the concept reflected the incredible resilience of Cumbrian communities during such a turbulent time.

In the Blackwell Guild, a display of art works created through the Lakeland Arts MEND project showcased deeply personal stories of resilience during the pandemic. Created with Lakeland Arts MEND producers during the second lockdown, the works highlighted perspectives of young carers, domestic abuse survivors, a mental health support group and those shielding in isolation.

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Lost In Cumbria

Featuring new work by local artist and activist, Maddy Humberstone, *Lost in Cumbria* was a multimedia installation that explored the plight of Cumbria's rare and endangered species. Produced over ten months, the artist created each piece in partnership with her local community of Kirkby-in-Furness, enlisting the help of local primary schools, the Kirkby-in-Furness Ladies Supper Club and internationally renowned designer, Deborah Milner, who was born and raised in the village.

Inspired by the Arts & Crafts Movement's philosophy to return to nature, the installation grew organically from Blackwell's rowan frieze, transforming the gallery and inviting the outside in. The backdrop of the installation was an Arts & Crafts inspired wall hanging which featured endangered or already extinct Cumbrian animals in its design.

The exhibition is the first in Blackwell's *New Year New Make* series, in which emerging artists are invited to work with community groups to create new work.

Colliding Forces

Funded as part of the Weston Culture Fund project, this new augmented reality experience brings the hidden relationship between technology and nature to life. Using 3D animation and weather-driven data, two immersive digital sculptures have been installed across the site, revealing aspects of the museum never seen or imagined before.

Internationally recognised digital artists Daria Jelonek and Perry-James Sugden, from the London-based *Studio Above & Below*, were selected as part of an open call-out. Working in collaboration with developer agency *Arcade*, they developed two experiences which are hosted on the new Lakeland Arts app. Each is triggered by a QR code and has in-built triggers for audience feedback.

Collections and Displays

In order to prepare for the upcoming Abbot Hall redevelopment project, several areas of the site were fully decanted:

- **139 artworks**, mainly consisting of the highest value pieces in the collection and long-term loans, were moved to the new external store at M&G.
- Approximately **1990 objects** were decanted from the Old Grammar School and the Abbot Hall South Attic and taken to the newly developed Decorative Art Store in the Lakeland Arts Barn.
- Approximately **412 objects** were decanted from the Abbot Hall North Attic and taken to a temporary store in the Lakeland Museum exhibition space. As significant quantities of moth frass and carpet beetle larvae were discovered during the decant, all textile objects were wrapped in double layers of polythene and a project has begun to freeze these affected items in the on-site chest freezer.

As a result of the National Lottery Heritage Emergency Funding grant, bespoke plinths were purchased enabling the following objects from the collection to go on display for the first time:

- 1/8th scale model of *MV Canfly*, made by Keith Townsend, 1983
- 1/8th scale model of *SL Bat*, made by Keith Townsend, 1984
- Scale model of *SL Branksome*, made by James William (Bill) and David Gerrard, 1990s

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Acquisitions

There were 30 acquisitions to the collection, including:

- *My Dainty Duck*, Sail No. 4, a Flying Fifteen sailing boat designed by Uffa Fox which is believed to be one of the earliest examples of its class.
- *Golden Oriole*, Sail No. 1, a Flying Fifteen sailing boat designed by Uffa Fox which is believed to be one of the earliest examples of its class.
- Sailing dinghies *Swallow and Amazon*, which were used for the production of the 2016 *Swallows and Amazons* feature film.
- Glass photographic negatives by the renowned Lakeland photographer Joseph Hardman, as well as a portrait series of glass plate positives by Lancashire photographer Samuel Thompson.
- *Turtle*, a Windermere A Class model yacht designed and built by Windermere boatbuilder Harry Breaker in 1937.
- *Chilean Peasant and Figure Study*, two pastel sketches by the artist John Duguid.
- An Arts & Crafts child's rocking chair with rush seat and marquetry of a cow jumping over the moon from the nursery rhyme *Hey Diddle Diddle*, attributed to William Birch, bequeathed by the late Miss Christine Stevenson.
- Five works on paper by various artists and five pieces by the studio ceramicists Katherine Pleydell-Bouverie and William Marshall were bequeathed by the late William Lawrence Johnstone.
- A watercolour sketch by Gordon Hargave of an unlocated Lakeland scene
- A painted screen by George Romney, allocated to Lakeland Arts through the Acceptance in Lieu scheme.
- Four textile works by Cumbrian textile artist Rosie Galloway-Smith, from her installation *weathering the storm*, exhibited at Blackwell - the Arts & Crafts House as part of *Class, Covid & Cumbria*.

Collections loans out

Exhibition Loans Outgoing (England)	Quantity
Lenders	
Hepworth Wakefield	2
Total	<u>2</u>
Exhibition Loans Outgoing (rest of UK)	
Lenders	
Scottish National Library of Modern Art	1
Total	<u>1</u>
Exhibition Loans Outgoing (International)	
Lenders	
Total	<u>-</u>

Collection care and documentation

- The curatorial team continued their audits of the social history store at Lakeland Museum and the Small Object Store at Windermere Jetty Museum, with the assistance of two regular volunteers. During these audits, approximately 147 objects have been entered onto Modes.
 - As part of documentation reconciliation, a new system has been devised for recording orphan loans: 50 orphan loans have now been identified.
- The curatorial team continue to undertake weekly conservation cleaning at Blackwell (2 people for 2 hours) and Windermere Jetty Museum (1 person for 1 hour), supplemented by winter deep cleans during the January closure.

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Participation and Learning

During 2021-2 the Participation and Learning team ran the MEND project, with the aim of conducting all guided activity offsite and offering our skills to local community groups. Some of these activities started in 2020 but have continued in to 2021. They include:

- Online Art & Crafts club for Young Carers aged 7-13, to take their minds off the stress of their home environment during lockdown.
- Outdoor workshops for home educated early years children, to support rurally isolated families.
- Online and offline art sessions for vulnerable adults at The Lighthouse Mental Health Community Hub, as a creative outlet responding to the pandemic.
- Online art sessions with adult shielders in Cumbria, where they created miniature rooms as a creative response to social isolation.
- Support for Ulverston Food Waste group.
- Co-writing an online interactive text game with Springfield Support, a domestic abuse charity with a creative outcome to raise awareness of domestic abuse.
- Developed partnerships with Kendal Integrated Care Communities and the University of Lancaster's Institute for Social Futures.

More detailed examples of how Lakeland Arts has engaged with its audiences and local community is detailed below:

Art on the Green (Torchlight Festival 2021)

Lakeland Arts supported Kendal's annual Torchlight Festival with creative activities on the lawns of Abbot Hall. Two art activities were led by the team that animated the space in front of the closed building and enabled the team to have conversations with local people about their aspirations for Abbot Hall.

Windermere Science Festival 20 & 21 March 2022

Windermere Jetty Museum held the first ever Windermere Science Festival. 1500 people engaged with the festival, either through off site engagement sessions with primary and secondary schools, or over the actual weekend, making it one of the busiest weekends of the year.

The festival was made possible through the Weston Culture Fund, as part of Lakeland Arts' research to develop a deeper understanding of what families might want from the site. Through this funding we were able to; appoint a Festival Director to oversee the programming of the festival, programming budget for talks, lectures, demonstrations and performances, do more targeted marketing to local residents (the weekend coincided nicely with National Lottery Open Week 2022, with lottery ticket holders attending free of charge), and crucially to have paid freelance field workers doing some evaluation and feedback on the festival. This research of findings fed into a large summary of the festival.

A thoroughly enjoyable weekend with a high percentage of first-time local family visitors to the site.

Forge Festival

Forge Festival is a two-year project, led by The Knotted Project (Cumbrian based community theatre company), with a number of funding partners across Cumbria and by Arts Council England. Lakeland Arts is a major partner and supported the development of the Forge Festival with funds and performance spaces.

Part of the Forge Festival (May 2021) was to develop four young companies across Cumbria, of which one was based at Windermere Jetty Museum for those children and young people living locally. Research undertaken by The Knotted Project in 2020 revealed that young people aged 16 - 24 felt there was a lack of opportunities to be creative in the area. The target age group for the young company at Windermere Jetty Museum focused on 16-24 age range. The majority of the group of young people involved with the project, were neurodivergent and many struggling with confidence. Over the workshops they developed confidence, a tight social group, respect and love for the site and created their own original written performed and musical pieces.

Forge Festival performances are planned for 1 May 2022

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CliMART

CliMART is a co-produced project working with young people from across Cumbria who are passionate about the environment and are interested in campaigning and making a difference in relation to climate justice issues. CliMART seeks to support and empower Cumbrian young people by exploring ideas around art as activism. We work in partnership with other local organisations as part of this project including CDEC (Cumbria Development Education Centre) Young Climate Leaders programme, CAfS (Cumbria Action for Sustainability) Climate Cafe and Cumbria County Council (and the South Lakes Youth District Council).

CliMART is a long term, youth-led project which will grow and develop over time. We intend to use Windermere Science Festival 2023 as a space to present outcomes from the first year of action. We will also invite young people involved in the project to contribute to the curation of our new climate focused exhibition of Lakeland Arts collection at Abbot Hall when it reopens in 2023; alongside work they have created themselves. During 2022/23 we will be taking our felt badge, collaborative banner and printed zine workshops to secondary school eco councils across the county. We aim to use as many ethically sourced materials as possible, such as scrap diverted from landfill sourced from Ragtag Arts Community Scrapstore.

MART Creatives

This formal learning programme, working in schools for children and young people, launched in September 2021, much of the planning work took place in academic year 2021/22, and the work will officially start in 2022/23 year.

This programme sets out an ambition for long term creative partnerships with identified Cumbrian primary schools and explores how we as an arts organisation can work with staff and students to develop an enhanced curriculum. Lakeland Arts believe that although a one-off visit to one of our sites can be a wonderful, enriching experience, on its own it will not transform the creative confidence of the whole school.

We feel strongly that a long-term programme of opportunities that seeks to enhance and extend the experiences, skills and understanding of both staff and students about arts, culture and creativity will transform the creative life of the whole school community. As part of MART Creatives each primary school will benefit from the following:

- A whole day's worth of CPD for their staff.
- A self-guided visit to a Lakeland Arts site.
- The opportunity for one year group to work with Lakeland Arts collection items and a Creative Producer, to take inspiration from the work and create their own work through a half day workshop at Blackwell - the Arts & Crafts house and a whole day workshop at their school.
- An exhibition of the work made by the identified year group at Blackwell - the Arts & Crafts house.

MEND

MEND is a community-focused project introduced in response to the Covid-19 pandemic, aimed at connecting people across Cumbria through creative collaboration and shared experiences. The pandemic changed the way all of us live; from how we work, learn and spend our free time to how we feel and interact with others. In 2021, with our venues closed, the Participation and Learning team reached out to create authentic experiences to mend objects and local communities.

The MEND project won the *Fantastic for Families Award for Audience Impact and Innovation*. The project was praised for the way it used creativity to engage those least likely to tap into collections or creativity.

"The MEND project grew out of a discussion around the act of mending, about how it can be an act of repairing and making. Making mends objects, minds, communities, and hearts, everyone is creative in their own way. By taking our MEND van out to different locations we are aiming to deepen our understanding of what people in Cumbria need and want from our arts and heritage venues. This will help us to keep improving what we offer and make lasting connections county wide. Our exciting oral history project will ensure that contemporary culture and stories of this region are preserved for future generations."

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Raven's Wake

Outdoor immersive theatre company Periplum were commissioned in summer 2021 to create an original and performative piece, co-created with local communities, that would enrich storytelling for visitors as part of the Weston Cultural Fund project and to support Lakeland Arts' understanding of family audiences.

Lakeland Arts worked with Periplum and the local community to capture original local stories that would inspire the performances and soundscapes.

The project created a unique sound installation on our operational steamboat at Windermere Jetty Museum, with performances on board, creating a special and magical experience - a poetic journey across Windermere.

Boat Conservation

We continue to develop specialist boat conservation skills at Windermere Jetty Museum, with the team carrying out complex and detailed work on steam launch *Lady Elizabeth*.

The work has included:

- Conservation on the hull and carrying out other minor repairs to woodwork.
- Completing replica boiler and paraffin burner system manufacture; done in-house.
- Working on the boiler casing, fire box, smoke box and funnel.

Earned income

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 and donates the net income to the charity on an annual basis

Weddings, venue and location hire

Lakeland Arts welcomed its first wedding reception in April 2021 at Windermere Jetty Museum, this is a growing area of revenue for the organisation and one that is being developed further. Lakeland Arts also began actively welcoming location hire bookings. This has included a number of photo shoots as well as film shoots. Again, this is a growing area of revenue and continues to be developed.

Visitor Experience

It is evident that visitors benefit from human interaction. In response to this, (once Covid-19 restrictions began to lift) we re-introduced guided tours and talks across both venues and are piloting volunteer stewards within the gallery spaces who engage with visitors, enriching their experience.

Events and activities

Lakeland Arts has focused on developing the right type of event for the right venue. This has seen the introduction of new events at Windermere Jetty Museum (cinema, performance and theatre events) and increasing the frequency of popular events at Blackwell (craft fairs and performance).

Catering and Retail

Upon reopening after lockdown, both venues continued to be affected by Covid-19 secure measures. Blackwell, in particular, was impacted by the requirement for reduced capacity. The hospitality industry was experiencing a staffing crisis which was felt by Lakeland Arts. A number of roles within our cafes were vacant for long periods of time. This resulted in reducing the lunch time offer and closing on some days. By the end of 2021 we began to recruit into vacant roles and over the following months regained stability in the offer and were able to avoid closure days. The quality of offer at Windermere Jetty Museum has improved considerably across both catering and retail.

Lakeland Arts was successful in applying to the Steps to Sustainability, a new National Lottery Heritage Fund programme delivered by the Social Enterprise Academy and received £10,000 towards retail strategy and development.

In February 2022, after an initial pilot, Lakeland Arts formally launched its online shop with a variety of products including the popular Blackwell Range. This ensures that visitors from elsewhere can purchase products from our wonderful retail ranges. It also provides a reliable income stream in the event of future lockdowns due to Covid-19 or other unforeseen events.

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Raised Income

Lakeland Arts is grateful for the donations, grants and sponsorship we receive from all the individuals and organisations 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.

Despite a challenging 12 months due to Covid-19 restrictions, Lakeland Arts has managed to stabilise our financial position by raising £1.2million in the year ending 31 March 2022. This represented 44% of our overall income in 2021-22. Valuable support came from a range of sources, including individual donors, trusts and foundations, statutory 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. Statutory funder support for our core activities was also received from funders Cumbria County Council, South Lakeland District Council and Kendal Town Council.

Funding to address the challenges of the pandemic period and support the ongoing sustainability of our organisation was received from the Arts Council's Culture Recovery Fund, the National Heritage Lottery Fund and Social Enterprise Academy, Weston Culture Fund and through Restart Grants for Abbot Hall, Windermere Jetty Museum and Blackwell.

We received the third and final 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.

Restricted funding to support specific projects and activities included grants from the Headley Trust towards Windermere Jetty Museum, the Art Fund for our MEND on the Move community engagement work, the Areti Charitable Trust towards schools workshops and from the Association for Industrial Archaeology, the Sir John Fisher Foundation and the John R Murray Charitable Trust towards boat conservation and restoration work.

Lakeland Arts continues to receive support from our Friends, Patrons and Benefactors, raising a total of £72,000 in 2021-22 from membership schemes. Individual donations received included contributions via a major Just Giving public campaign towards the conservation of 150 year old former cargo boat Raven and a £5,000 legacy bequest.

The year also saw a change in personnel within the team, with a new part-time Fundraising Officer in post from September 2021 to increase the capacity of the team and the current Development Manager acting up following the departure of the previous Head of Development in February 2022. During this period we drew on the expertise of fundraising consultant Leo Crane, offering strategic advice particularly with regards to individual giving and stewardship of existing members and donors. A new Head of Development was appointed to start in post in June 2022.

Marketing and Communications

The Business Development Manager managed the marketing and communications team through the re-opening and summer tourism season 2021. With increased visitor numbers to both Windermere Jetty Museum and Blackwell, a new part-time Head of Marketing and Communications started in October 2021 and a new Marketing Manager in November 2021.

After greatly reducing printed material production and distribution to save costs throughout the pandemic, the marketing team was able to produce new venue leaflets for distribution across targeted sites in North Lancashire, Cumbria and West Yorkshire and update out of home poster sites.

The shift to increased digital marketing continued with ongoing work to the website and with the Garfield Weston-funded Digital Assistant focusing on building both social media and the online retail shop. The team also used the online Member's Room and twice monthly emails to keep members and subscribers engaged.

Lakeland Arts

Strategic Report for the Year Ended 31 March 2022

The lead up to venues reopening in April/May saw a large spike in social media following and participation as well as website traffic. Other spikes in both online activity and visitor numbers included the visit to Windermere Jetty Museum by the Duchess of Cambridge and coverage of the 2021 RIBA Stirling Prize Finalist announcement. Windermere Jetty Museum continued to be a popular filming destination with Channel 4 and BBC film crews on site throughout the year for various projects, increasing online audience base nationally.

Staffing and bad weather caused message inconsistency challenges with closures and cancellations of venues, tearoom and tours. The websites, email and social channels partially shifted focus to provide real-time customer service communications.

Campaigns such as #Mendwithus and Object of the Week gave people digital access to the Lakeland Arts collection.

The team continued to work with Audience Agency to engage and survey visitors and partnered with Lancaster University on a visitor research project.

Capital projects

Abbot Hall and Lakeland Museum remain closed, while we undertake essential repairs to the buildings as the first phase of a longer-term project to re-develop the site. We will undertake capital works on electrics, flood resilience and necessary decoration with the aim of re-opening in 2022/23.

Abbot Hall will then re-open in 2022/23 with an exhibition by international land artist Julie Brook who will create new work in response to the Cumbrian environment on the Abbot Hall site. The art Julie creates will be external and, therefore, accessible to passers-by. Inside Abbot Hall there will be an exhibition of immersive artist-led films, photographs and installations of her work.

FINANCIAL REVIEW

In 21-22 income generated totalled £2.7M, of which £2.6M was unrestricted and £148K was restricted. This was a reduction on the 20-21 income which totalled £3.3M where the unrestricted income was £2.3M and the restricted income £900K.

Unrestricted funds are made up of 55% from Donations, Grants and Legacies. 18% from Charitable Activities and 24% from Trading Activities. In comparison, in the prior year, the unrestricted funds generated were 78% from Donations, Grants and Legacies, 13% from Charitable Activities and 7% from the trading activities. Trading activities in 21-22 were only £130K lower than the pre-covid trading income level.

Total resources expended were £3.835M, an increase of £1.611M on the prior year. Of the £1,198M restricted expenditure in 21-22, £702K related to the impairment of the AH development costs which had been recorded on the balance sheet in previous years, £157K related to the costs incurred as part of the Garfield Weston Foundation funded project as well as £155K for depreciation of the WJ site. Unrestricted expenditure increased by £734K, which is expected now the pandemic is behind us and we can trade without restrictions.

At 31st March 2022 the carried forward restricted funds balance is reporting a surplus of £16.31M and the carried forward unrestricted funds balance reporting a much reduced deficit of £21K.

Policy on reserves

The Board have set a reserves policy equivalent to two month's unrestricted charitable expenditure. The Board aspires to build reserves as soon as reasonably possible beyond this minimum amount to a forecast surplus position.

Lakeland Arts

Strategic Report for the Year Ended 31 March 2022

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.

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.

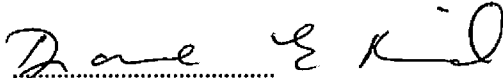
In assessing risk the trustees recognise that some areas of work require the acceptance and management of risk if key objectives are to be achieved. The trustees have reviewed the major risks to which the charitable company is exposed and identified control and mitigation procedures, under the headings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

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

Lakeland Arts

Strategic Report for the Year Ended 31 March 2022

The strategic report was approved by the trustees of the charity on 9 December 2022 and signed on its behalf by:


.....
D Reid MCIOF
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 2022.

Trustees and Officers

The trustees and officers serving during the year and since the year end were as follows:

Trustees:	E M Astle (appointed 23 September 2022)
	M Benjamin
	S A Crewe
	K M Howarth (appointed 22 July 2021)
	A Karwa (appointed 27 May 2022)
	E Kentley
	A M Lyles (appointed 23 September 2022)
	J Mottram PhD
	D Reid MCIOF
	G F Rycroft (appointed 22 July 2021)
	Lady E Scott (appointed 27 May 2021)
	N W R Thompson

Senior Management / Leadership Team:	R Harris
	E Moss
	L Garrett Hampson
	C Gilbert
	C Kennedy
	K Offord
	I Read
	C Robinson
	J Wilson
	A Saczek

Objectives and activities

Objects and aims

Our Vision is to use the power of culture and the artistic creativity, landscape and heritage of Lakeland to transform lives and enrich communities.

We achieve this through remarkable venues, rich collections, engaging programme and passionate people all connected by a powerful sense of place. The work we do is rooted in our local community and has a transformative effect on visitors and audiences.

Lakeland Arts

Trustees' Report

Strategic Objectives:

The delivery of our vision and our mission over the next five years is centred on four key objectives we've identified as integral to ensuring Lakeland Arts builds on its reputation as one of the most remarkable cultural and heritage organisations in the North of England

Strategic Objective 1: Curating and Caring

To care for our collections and challenge our thinking so that people from all walks of life - and from near and far - can explore and take inspiration from our world-class offering.

Strategic Objective 2: Reaching Wider

We will strive to reach more people as we become better known and more accessible to a wider range of visitors. Key to this is being clear about our work and how we can appeal to different audiences.

Strategic Objective 3: Engaging and Empowering

We will build a culture of care, respect and inclusion with people at the heart of our organisation. We believe museums are about sharing stories and are places where debate and discussion are encouraged.

Strategic Objective 4: Sustainable and Resilient

We will build for the future by becoming a more dynamic, financially secure, environmentally aware, and socially 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 2021-22 Lakeland Arts did not contract professional fundraisers from a third-party business to carry out fundraising on its behalf.

In 2021-22 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

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 JS 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

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 Conistone 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.

Lakeland Arts

Trustees' Report

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:

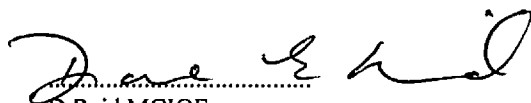
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed 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.

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.

The annual report was approved by the trustees of the charity on 9 December 2022 and signed on its behalf by:


D Reid MCIOF
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 2022, 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 2022 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 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 21), 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 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.

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. 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

9 December 2022

Lakeland Arts

Consolidated Statement of Financial Activities for the Year Ended 31 March 2022 (Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2022 £
Income and Endowments from:					
Donations and legacies	3	1,418,653	130,114	-	1,548,767
Charitable activities	4	454,585	-	-	454,585
Other trading activities	5	628,046	-	-	628,046
Investment income	6	4,636	17,405	-	22,041
Other income	7	89,867	-	-	89,867
Total income		<u>2,595,787</u>	<u>147,519</u>	<u>-</u>	<u>2,743,306</u>
Expenditure on:					
Raising funds	8	(947,495)	-	-	(947,495)
Charitable activities	9	<u>(1,689,065)</u>	<u>(1,198,597)</u>	<u>-</u>	<u>(2,887,662)</u>
Total expenditure		(2,636,560)	(1,198,597)	-	(3,835,157)
Gains/losses on investment assets		<u>6,080</u>	<u>-</u>	<u>-</u>	<u>6,080</u>
Net expenditure		(34,693)	(1,051,078)	-	(1,085,771)
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes		<u>94,000</u>	<u>-</u>	<u>-</u>	<u>94,000</u>
Net movement in funds		59,307	(1,051,078)	-	(991,771)
Reconciliation of funds					
Total funds brought forward		<u>(80,688)</u>	<u>17,363,666</u>	<u>585,000</u>	<u>17,867,978</u>
Total funds carried forward	25	<u>(21,381)</u>	<u>16,312,588</u>	<u>585,000</u>	<u>16,876,207</u>

The notes on pages 30 to 67 form an integral part of these financial statements.

Lakeland Arts

Consolidated Statement of Financial Activities for the Year Ended 31 March 2022 (Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2021 £
Income and Endowments from:					
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	33,794	-	-	33,794
Total income		2,382,461	899,516	-	3,281,977
Expenditure on:					
Raising funds	8	(643,974)	-	-	(643,974)
Charitable activities	9	(1,258,734)	(321,557)	-	(1,580,291)
Total expenditure		(1,902,708)	(321,557)	-	(2,224,265)
Gains/losses on investment assets		(57,555)	-	101,155	43,600
Net income		422,198	577,959	101,155	1,101,312
Transfers between funds		61,789	39,366	(101,155)	-
Other recognised gains and losses					
Gains/losses on revaluation of fixed assets		24,000	(1,177,493)	-	(1,153,493)
Actuarial gains on defined benefit pension schemes		56,000	-	-	56,000
Net movement in funds		563,987	(560,168)	-	3,819
Reconciliation of funds					
Total funds brought forward		(644,676)	17,923,835	585,000	17,864,159
Total funds carried forward	25	(80,689)	17,363,667	585,000	17,867,978

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

The funds breakdown for 2021 is shown in note 25.

The notes on pages 30 to 67 form an integral part of these financial statements.

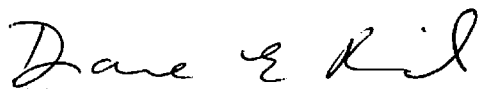
Lakeland Arts

(Registration number: 8162578)

Consolidated Balance Sheet as at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	16	17,375,984	18,227,033
Investments		<u>762,727</u>	<u>907,838</u>
		<u>18,138,711</u>	<u>19,134,871</u>
Current assets			
Stocks	19	35,773	33,397
Debtors	20	128,681	121,199
Cash at bank and in hand	21	<u>420,890</u>	<u>631,652</u>
		585,344	786,248
Creditors: Amounts falling due within one year	22	<u>(263,660)</u>	<u>(376,309)</u>
Net current assets		<u>321,684</u>	<u>409,939</u>
Total assets less current liabilities		18,460,395	19,544,810
Creditors: Amounts falling due after more than one year	23	<u>(1,244,188)</u>	<u>(1,240,833)</u>
Net assets excluding pension liability		17,216,207	18,303,977
Pension scheme liability	24	<u>(340,000)</u>	<u>(435,999)</u>
Net assets including pension liability		<u>16,876,207</u>	<u>17,867,978</u>
Funds of the group:			
Endowment funds		585,000	585,000
Restricted income funds			
Restricted funds	25	16,312,589	17,363,667
Unrestricted income funds			
Unrestricted funds		<u>(21,382)</u>	<u>(80,689)</u>
Total funds	25	<u>16,876,207</u>	<u>17,867,978</u>

The financial statements on pages 25 to 67 were approved by the trustees, and authorised for issue on 9 December 2022 and signed on their behalf by:



D Reid MCIOF
Trustee

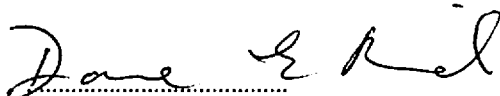
The notes on pages 30 to 67 form an integral part of these financial statements.

Lakeland Arts

(Registration number: 8162578)
Balance Sheet as at 31 March 2022

	Note	2022 £	2021 £ (As restated)
Fixed assets			
Tangible assets	16	17,375,984	18,227,033
Investments		<u>126,002</u>	<u>286,002</u>
		<u>17,501,986</u>	<u>18,513,035</u>
Current assets			
Debtors	20	337,048	393,969
Cash at bank and in hand	21	<u>413,690</u>	<u>624,943</u>
		750,738	1,018,912
Creditors: Amounts falling due within one year	22	<u>(233,502)</u>	<u>(365,963)</u>
Net current assets		<u>517,236</u>	<u>652,949</u>
Total assets less current liabilities		18,019,222	19,165,984
Creditors: Amounts falling due after more than one year	23	<u>(1,244,188)</u>	<u>(1,240,833)</u>
Net assets including pension liability		<u>16,775,034</u>	<u>17,925,151</u>
Funds of the charity:			
Restricted income funds			
Restricted funds	25	16,305,983	17,363,666
Unrestricted income funds			
Unrestricted funds		<u>469,051</u>	<u>561,485</u>
Total funds	25	<u>16,775,034</u>	<u>17,925,151</u>

The financial statements on pages 25 to 67 were approved by the trustees, and authorised for issue on 9 December 2022 and signed on their behalf by:


D Reid MCIOF
Trustee

The notes on pages 30 to 67 form an integral part of these financial statements.

Lakeland Arts

Consolidated Statement of Cash Flows for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash (expenditure)/income		(991,771)	3,819
Adjustments to cash flows from non-cash items			
Depreciation	16	851,048	43,167
Investment income	6	(22,041)	(26,702)
Revaluation of investments		(6,080)	(43,600)
Revaluation of fixed assets held for the group's own use		<u>-</u>	<u>1,153,493</u>
		(168,844)	1,130,177
Working capital adjustments			
(Increase)/decrease in stocks	19	(2,376)	3,053
(Increase)/decrease in debtors	20	(7,482)	116,726
Decrease in creditors	22	(108,945)	(412,208)
Decrease (increase) in retirement benefit obligation net of actuarial changes	24	<u>(95,998)</u>	<u>(56,002)</u>
Net cash flows from operating activities		<u>(383,645)</u>	<u>781,746</u>
Cash flows from investing activities			
Interest receivable and similar income	6	4,636	6,531
Purchase of tangible fixed assets	16	-	(137,424)
Purchase of investments		(8,809)	-
Sale of investments		160,000	149,803
Income from dividends	6	<u>17,405</u>	<u>20,171</u>
Net cash flows from investing activities		173,232	39,081
Cash flows from financing activities			
Repayment of loans and borrowings	22	<u>(349)</u>	<u>(250,000)</u>
Net (decrease)/increase in cash and cash equivalents		(210,762)	570,827
Cash and cash equivalents at 1 April		<u>631,652</u>	<u>60,825</u>
Cash and cash equivalents at 31 March		<u>420,890</u>	<u>631,652</u>
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash		(210,762)	570,827
Cash outflow from repayment of loans		<u>349</u>	<u>250,000</u>
Change in net (debt)/funds resulting from cash flows		<u>(210,413)</u>	<u>820,827</u>
Net debt at 1 April 2021		<u>(618,348)</u>	<u>(1,439,175)</u>
Net (debt)/funds at 31 March 2022		<u>(£828,761)</u>	<u>(£618,348)</u>

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

The notes on pages 30 to 67 form an integral part of these financial statements.

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

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 9 December 2022.

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 2022

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 22 Lakeland Arts continued to stabilise its financial situation reducing the carried forward unrestricted funds deficit from (£80,688) to (£21,381). In the year to 31.03.23 Lakeland Arts will carry out an organisational restructure and other cost saving measures to safeguard the organisation going forwards. Research and data indicate that recovery from the Covid global pandemic has not progressed as swiftly as anticipated and the economic situation has been exacerbated by the war in Ukraine and the cost-of-living crisis. This is having an impact across the entire economy and all sectors – Lakeland Arts is no exception. Therefore visitors are not predicted to return to pre-covid levels until 2025. To mitigate this risk we are restructuring the organisation to focus on driving and diversifying our earned income, to reduce the impact of lower visitor figures on our organisation. This combined with a forensic review of our costs, will enable us to continue as a going concern.

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

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.

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.

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

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.

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.

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

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.

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:

Asset class	Depreciation method and rate
Freehold land and buildings	Held at valuation, revalued every five years
Leasehold land and buildings	straight line over the term of the lease

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

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.

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.

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees 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.

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.

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

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.

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

	Unrestricted funds General £	Restricted funds £	Total 2022 £	Total 2021 £
Donations and legacies;				
Donations to major appeals	-	-	-	285,247
Donations from companies, trusts and similar proceeds	1,324,243	130,114	1,454,357	2,375,876
Legacies	6,812	-	6,812	-
Gift aid reclaimed	15,563	-	15,563	15,938
Membership income (including Friends, patrons and benefactors)	72,035	-	72,035	70,596
	<u>1,418,653</u>	<u>130,114</u>	<u>1,548,767</u>	<u>2,747,657</u>

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

	Restricted funds	2022	2021
	£	£	£
Windermere Jetty Capital Project			
NCRF Funding	-	-	285,247
Sub total	-	-	285,247

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

	Unrestricted funds	Restricted funds	2022	2021
Other grants and donations				
Core Grants	£	£	£	£
Arts Council England NPO	451,847	-	451,847	451,680
Lakeland Arts Support Trust	48,000	-	48,000	56,000
South Lakeland District Council	79,000	-	79,000	25,000
Cumbria County Council	10,000	-	10,000	10,000
Kendal Town Council	3,000	-	3,000	3,000
Covid-19 and Business Continuity Grants				
CJRS government grants and BBL interest support	33,537	-	33,537	379,332
Arts Council Emergency Response Fund	-	-	-	358,010
Wolfson Foundation	-	-	-	250,000
DCMS Cultural Recovery Fund Round 1 & 2	674,409	-	674,409	219,067
National Lottery Heritage Fund Emergency Fund	-	-	-	250,000
SLDC Omicron	18,000	-	18,000	-
STOS Funding	-	10,000	10,000	-
Garfield Weston Foundation	-	-	-	200,000
Programme/Project Grants				
Sir John Fisher Foundation	-	-	-	25,000
John Murray Charitable Trust	-	50,000	50,000	-
The Granada Foundation	-	-	-	6,000
Clore Duffield Foundation, Cultural Learning Programme	-	-	-	20,000
Art Fund	-	-	-	44,895
Association for Industrial Archeology	-	9,645	9,645	-
The Headley Trust	-	15,000	15,000	15,000
Lindeth Charitable Trust	-	5,000	5,000	-
Areti Charitable Trust	-	2,991	2,991	-
The John Ellerman Foundation	-	31,667	31,667	31,667
Great Britain Sasakawa Foundation Grant	-	1,411	1,411	-
The Pilgrim Trust	-	-	-	8,341
BESTT	-	-	-	12,728
Other donations and small grants	6,450	4,400	10,850	10,156
	<u>1,324,243</u>	<u>130,114</u>	<u>1,454,357</u>	<u>2,375,876</u>

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

4 Income from charitable activities

	Unrestricted funds General £	Total 2022 £
Visitor income	389,271	389,271
Learning income	4,341	4,341
Museums and Galleries tax relief	60,973	60,973
	<u>454,585</u>	<u>454,585</u>
	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>

5 Income from other trading activities

	Unrestricted funds General £	Total funds £
Trading income; Sales of goods and services	626,959	626,959
Events income; Other events income	1,087	1,087
Total for 2022	<u>628,046</u>	<u>628,046</u>
Total for 2021	<u>163,773</u>	<u>163,773</u>

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

6 Investment income

	Unrestricted funds General £	Restricted funds £	Total 2022 £
Income from dividends;			
Dividends receivable from other listed investments	-	17,405	17,405
Interest receivable and similar income;			
Interest receivable on bank deposits	864	-	864
Income from rents	3,772	-	3,772
	<u>4,636</u>	<u>17,405</u>	<u>22,041</u>
	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>

7 Other income

	Unrestricted General £	Total 2022 £	Total 2021 £
Other income	11,105	11,105	30
CGS VAT Adjustment	53,689	53,689	33,764
Offgem Renewal Heat Incentive	25,073	25,073	-
	<u>89,867</u>	<u>89,867</u>	<u>33,794</u>

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

8 Expenditure on raising funds

a) Costs of generating donations and legacies

		Unrestricted funds General £	Total 2022 £
Other direct costs of generating voluntary income	Note	84,888	84,888
Allocated support costs	10	42,283	42,283
		127,171	127,171

		Unrestricted funds General £	Total 2021 £
Other direct costs of generating voluntary income	Note	57,830	57,830
Allocated support costs	10	24,165	24,165
		81,995	81,995

b) Costs of trading activities

		Unrestricted funds General £	Total 2022 £
Trading subsidiary costs	Note	244,363	244,363
Marketing and publicity		82,477	82,477
Wages and salaries		376,385	376,385
Allocated support costs	10	117,099	117,099
		820,324	820,324

		Unrestricted funds General £	Total 2021 £
Trading subsidiary costs	Note	49,248	49,248
Marketing and publicity		57,533	57,533
Wages and salaries		359,324	359,324
Allocated support costs	10	94,709	94,709
		560,814	560,814

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

d) Total expenditure on raising funds

	Direct costs £	Allocated support costs £	Total 2022 £
Costs of generating donations and legacies	84,888	42,283	127,171
Costs of trading activities	703,225	117,099	820,324
	<u>788,113</u>	<u>159,382</u>	<u>947,495</u>
	Direct costs £	Allocated support costs £	Total 2021 £
Costs of generating donations and legacies	57,830	24,165	81,995
Costs of trading activities	466,105	94,709	560,814
Investment management costs	1,165	-	1,165
	<u>525,100</u>	<u>118,874</u>	<u>643,974</u>

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

9 Expenditure on charitable activities

	Activity undertaken directly £	Activity support costs £	2022 £
Exhibition programmes	236,203	64,633	300,836
Collections and conservation of exhibits	346,536	65,058	411,594
Learning	146,445	62,753	209,198
Historic buildings and premises costs	606,424	59,181	665,605
Visitor operations	252,414	70,583	322,997
Abbot Hall Project	702,347	-	702,347
Windermere Jetty Project	3,838	-	3,838
National Lottery Heritage Emergency Fund	3,337	55,735	59,072
Art Fund	20,586	-	20,586
Garfield Weston Foundation	156,668	-	156,668
Clore Duffield	1,174	-	1,174
	<u>2,475,972</u>	<u>377,943</u>	<u>2,853,915</u>
	Activity undertaken directly £	Activity support costs £	2021 £
Exhibition programmes	134,964	52,065	187,029
Collections and conservation of exhibits	180,581	51,420	232,001
Learning	124,133	50,427	174,560
Historic buildings and premises costs	337,358	45,680	383,038
Visitor operations	243,861	55,702	299,563
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	39,749	234,026
Art Fund	11,557	2,113	13,670
Garfield Weston Foundation	6,323	1,156	7,479
	<u>1,247,622</u>	<u>300,976</u>	<u>1,548,598</u>

Included in the costs of the Abbot Hall Project of £702,347 were costs of £635,527 previously capitalised as an asset in the course of construction (please see note 16) which have now been written off to expenses following changes to the project.

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

	Unrestricted funds Designated £	Restricted funds £	Total 2022 £
Exhibition programmes	299,425	1,411	300,836
Collections and conservation of exhibits	320,922	90,672	411,594
Learning	209,198	-	209,198
Historic buildings and premises costs	499,427	166,178	665,605
Visitor operations	322,997	-	322,997
Windermere Jetty Project	-	3,838	3,838
Abbot Hall Project	-	702,347	702,347
National Lottery Heritage Emergency Fund	3,349	55,723	59,072
Art Fund	-	20,586	20,586
Garfield Weston Foundation	-	156,668	156,668
Clore Duffield	-	1,174	1,174
	<u>1,655,318</u>	<u>1,198,597</u>	<u>2,853,915</u>
	Unrestricted funds General £	Restricted funds £	Total 2021 £
Exhibition programmes	185,104	1,925	187,029
Collections and conservation of exhibits	161,265	70,736	232,001
Learning	172,560	2,000	174,560
Historic buildings and premises costs	362,867	20,171	383,038
Visitor operations	299,563	-	299,563
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	39,749	194,277	234,026
Art Fund	2,113	11,557	13,670
Garfield Weston Foundation	1,156	6,323	7,479
	<u>1,227,041</u>	<u>321,557</u>	<u>1,548,598</u>

In addition to the expenditure analysed above, there are also governance costs of £33,746 (2021 - £31,693) 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 2022

10 Analysis of governance and support costs

Governance costs

	Unrestricted General £	Total 2022 £	Total 2021 £
Staff costs			
Pension costs	11,600	11,600	13,300
Audit fees			
Audit and other fees paid to auditors	16,423	16,423	17,321
Trustees remuneration and expenses	1,412	1,412	-
Legal fees	3,420	3,420	-
Loan interest	891	891	1,072
	<u>33,746</u>	<u>33,746</u>	<u>31,693</u>

11 Net incoming/outgoing resources

Net (outgoing)/incoming resources for the year include:

	2022 £	2021 £
Audit fees	15,163	15,302
Depreciation of fixed assets	<u>211,154</u>	<u>43,168</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 £Nil for the year (2021 - £1,171).

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

13 Staff costs

The aggregate payroll costs were as follows:

	2022 £	2021 £
Staff costs during the year were:		
Wages and salaries	1,324,965	1,159,463
Social security costs	90,759	83,219
Pension costs	34,378	35,044
	<u>1,450,102</u>	<u>1,277,726</u>

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

	2022 No	2021 No
Management, curatorial, marketing and learning	23	20
Administration	6	6
Desk/shop staff	4	5
Coffee House & Tea Room	12	11
Other	2	2
Heritage boat team	3	3
Boat conservation team	5	6
	<u>55</u>	<u>53</u>

The average number of employees in the year as defined by s382/383 of the Companies Act 2006 was 79 (2021 - 70).

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

	2022 No	2021 No
£80,001 - £90,000	<u>1</u>	<u>1</u>

The total employee benefits of the key management personnel of the group were £377,327 (2021 - £331,936).

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

14 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	<u>15,163</u>	<u>15,302</u>
Other fees to auditors		
The auditing of accounts of any associate of the charity	1,260	724
Audit-related assurance services	<u>-</u>	<u>1,295</u>
	<u>1,260</u>	<u>2,019</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 £
Cost/Valuation					
At 1 April 2021	<u>17,448,000</u>	<u>482,237</u>	<u>34,483</u>	<u>635,527</u>	<u>18,600,247</u>
At 31 March 2022	<u>17,448,000</u>	<u>482,237</u>	<u>34,483</u>	<u>635,527</u>	<u>18,600,247</u>
Depreciation					
At 1 April 2021	-	358,265	14,950	-	373,215
Charge for the year	<u>155,378</u>	<u>55,776</u>	<u>4,367</u>	<u>635,527</u>	<u>851,048</u>
At 31 March 2022	<u>155,378</u>	<u>414,041</u>	<u>19,317</u>	<u>635,527</u>	<u>1,224,263</u>
Net book value					
At 31 March 2022	<u>17,292,622</u>	<u>68,196</u>	<u>15,166</u>	<u>-</u>	<u>17,375,984</u>
At 31 March 2021	<u>17,448,000</u>	<u>123,972</u>	<u>19,533</u>	<u>635,527</u>	<u>18,227,032</u>

Included within the net book value of land and buildings above is £214,000 (2021 - £214,000) in respect of freehold land and buildings and £17,078,622 (2021 - £17,234,000) in respect of leaseholds.

The asset in the course of construction related to the costs of the original Abbot Hall project which changed in the year and so these costs were written off to charitable expenses (please see note 9).

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

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 (2021 - £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 (2021 - £18,759,705).

Charity

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Asset in the course of construction £	Total £
Cost/Valuation					
At 1 April 2021	17,448,000	482,237	34,483	635,527	18,600,247
At 31 March 2022	17,448,000	482,237	34,483	635,527	18,600,247
Depreciation					
At 1 April 2021	-	358,265	14,950	-	373,215
Charge for the year	155,378	55,776	4,367	635,527	851,048
At 31 March 2022	155,378	414,041	19,317	635,527	1,224,263
Net book value					
At 31 March 2022	17,292,622	68,196	15,166	-	17,375,984
At 31 March 2021	17,448,000	123,972	19,533	635,527	18,227,032

Included within the net book value of land and buildings above is £214,000 (2021 - £214,000) in respect of freehold land and buildings and £17,078,622 (2021 - £17,234,000) in respect of leaseholds.

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

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

	2022 £	2021 £	2020 £	2019 £	2017 £
Purchases and additions					
Furniture	-	-	25,000	-	20,000
Textiles	-	-	-	-	1,062
Drawings	17,344	-	10	15,300	-
Maritime	10,000	-	-	-	-
Donations					
Ceramics	1,240	-	-	-	-
Costume	30	-	-	-	-
Drawings	5,430	-	1,260	-	100
Engravings	-	-	500	-	-
Ephemera	150	-	155	-	-
Industrial history	-	-	240	-	100
Paintings	14,000	214,000	-	40,000	1,260,000
Photographs	300	3,100	-	-	-
Sculpture	-	750,000	-	-	-
Social history	4,571	100	-	170	250
Maritime	35,015	16,000	100	45,200	-
Furniture	105,080	-	3,000	-	-
Horology	-	-	500	-	-
Total additions	193,160	983,200	30,765	100,670	1,281,512

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

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 2022

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

	2022 £	2021 £
Investment properties	126,000	286,000
Other investments	636,727	621,838
	<u>762,727</u>	<u>907,838</u>

Investment properties

	Investment properties £
Cost or Valuation	
At 1 April 2021	286,000
Disposals	<u>(160,000)</u>
At 31 March 2022	126,000
Provision	
At 31 March 2022	<u>-</u>
Net book value	
At 31 March 2022	<u>126,000</u>
At 31 March 2021	<u>286,000</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 2022

Other investments

	Listed investments £	Total £
Cost or Valuation		
At 1 April 2021	621,838	621,838
Revaluation	6,080	6,080
Additions	8,809	8,809
At 31 March 2022	<u>636,727</u>	<u>636,727</u>
Net book value		
At 31 March 2022	<u>636,727</u>	<u>636,727</u>
At 31 March 2021	<u>621,838</u>	<u>621,838</u>

Charity

	2022 £	2021 £
Investment properties	126,000	286,000
Shares in group undertakings and participating interests	<u>2</u>	<u>2</u>
	<u>126,002</u>	<u>286,002</u>

Investment properties

	Investment properties £
Cost or Valuation	
At 1 April 2021	286,000
Disposals	<u>(160,000)</u>
At 31 March 2022	126,000
Provision	
At 31 March 2022	<u>-</u>
Net book value	
At 31 March 2022	<u>126,000</u>
At 31 March 2021	<u>286,000</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 2022

Shares in group undertakings and participating interests

	Subsidiary undertakings £	Total £
Cost		
At 1 April 2021	2	2
At 31 March 2022	2	2
Net book value		
At 31 March 2022	2	2
At 31 March 2021	2	2

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
			2022	2021	
Subsidiary undertakings					
Lakeland Arts Enterprises Ltd	England	Ordinary	100%	100%	Operating tea rooms and gift shops

19 Stock

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Finished goods	35,773	33,397	-	-

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

20 Debtors

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	64,752	14,283	64,752	13,994
Due from group undertakings	(1)	-	210,439	273,363
Prepayments	38,288	24,079	38,288	24,079
Accrued income	7,792	47,189	7,792	47,189
VAT recoverable	17,080	20,652	15,007	20,348
Other debtors	770	14,996	770	14,996
	<u>128,681</u>	<u>121,199</u>	<u>337,048</u>	<u>393,969</u>

21 Cash and cash equivalents

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Cash on hand	5,047	3,255	5,047	3,255
Cash at bank	327,629	236,865	326,004	236,721
Short-term deposits	88,214	391,532	82,639	384,967
	<u>420,890</u>	<u>631,652</u>	<u>413,690</u>	<u>624,943</u>

22 Creditors: amounts falling due within one year

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Bank loans	5,463	9,167	5,463	9,167
Trade creditors	162,392	277,426	137,950	274,991
Other taxation and social security	25,722	23,320	25,722	23,320
Other creditors	13,467	26,266	13,076	25,115
Accruals	43,422	26,936	38,097	20,176
Deferred income	13,194	13,194	13,194	13,194
	<u>263,660</u>	<u>376,309</u>	<u>233,502</u>	<u>365,963</u>

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

Deferred income

	2022 £	2021 £
Deferred income at 1 April 2021	13,194	13,194
Resources deferred in the period	13,194	13,194
Amounts released from previous periods	<u>(13,194)</u>	<u>(13,194)</u>
Deferred income at year end	<u>13,194</u>	<u>13,194</u>

	2022 £	2021 £
Deferred income at 1 April 2021	13,194	13,194
Resources deferred in the period	13,194	13,194
Amounts released from previous periods	<u>(13,194)</u>	<u>(13,194)</u>
Deferred income at year end	<u>13,194</u>	<u>13,194</u>

23 Creditors: amounts falling due after one year

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Bank loans	44,188	40,833	44,188	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>1,244,188</u>	<u>1,240,833</u>	<u>1,244,188</u>	<u>1,240,833</u>

Group

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

	2022 £	2021 £
After more than five years by instalments	16,767	-
After more than five years not by instalments	<u>1,200,000</u>	<u>1,200,000</u>
	<u>1,216,767</u>	<u>1,200,000</u>

Charity

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

	2022 £	2021 £
After more than five years by instalments	16,767	-
After more than five years not by instalments	<u>1,200,000</u>	<u>1,200,000</u>
	<u>1,216,767</u>	<u>1,200,000</u>

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

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 forecasts currently demonstrate that the HLF Loan will begin to be repaid after 25/26.

Bank loans and overdrafts after five years

The bank loan is a bounce back loan extended to 10 years. The interest rate is 2.5% with capital repayments over 9 years from 6 July 2022 of £455.25pm.

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 £22,778 (2021 - £21,744).

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 Mercers 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:

	2022 £	2021 £
Fair value of scheme assets	1,495,000	1,422,000
Present value of defined benefit obligation	<u>(1,835,000)</u>	<u>(1,858,000)</u>
Defined benefit pension scheme deficit	<u><u>(340,000)</u></u>	<u><u>(436,000)</u></u>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2022 £
Present value at start of year	(1,858,000)
Current service cost	(3,000)
Interest cost	(39,000)
Actuarial gains and losses	(13,000)
Benefits paid	<u>78,000</u>
Present value at end of year	<u><u>(1,835,000)</u></u>

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

Fair value of scheme assets

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

	2022 £
Fair value at start of year	1,422,000
Interest income	29,000
Actuarial gains and losses	107,000
Employer contributions	15,000
Benefits paid	<u>(78,000)</u>
Fair value at end of year	<u>1,495,000</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2022 £	2021 £
Cash and cash equivalents	42,000	58,000
Equity instruments	524,000	546,000
Government bonds	253,000	250,000
Property	136,000	114,000
Other	<u>540,000</u>	<u>454,000</u>
	<u>1,495,000</u>	<u>1,422,000</u>

Return on scheme assets

	2022 £	2021 £
Return on scheme assets	<u>135,000</u>	<u>237,000</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:

	2022 %	2021 %
Mortality rate	1.75	1.75
Discount rate	2.80	2.10
Future salary increases	5.00	4.20
Future pension increases	3.60	2.80
Inflation	<u>3.50</u>	<u>2.70</u>

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Notes to the Financial Statements for the Year Ended 31 March 2022

Post retirement mortality assumptions

	2022 Years	2021 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>

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Notes to the Financial Statements for the Year Ended 31 March 2022

25 Funds

Group

	Balance at 1 April 2021 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2022 £
Unrestricted funds						
<i>General</i>						
General funds	355,310	2,595,787	(2,636,560)	(1,999)	6,080	318,618
<i>Designated</i>						
Pension scheme deficit	(435,999)	-	-	1,999	94,000	(340,000)
Total unrestricted funds	(80,689)	2,595,787	(2,636,560)	-	100,080	(21,382)
Restricted funds						
Windermere Jetty Construction	17,234,000	-	(155,378)	-	-	17,078,622
Windermere Boat Collection	-	68,400	(49,360)	-	-	19,040
Windermere Jetty Capital Funds	280,712	-	(3,838)	-	-	276,874
Collections Fund	-	5,000	-	-	-	5,000
NLHF loan	(1,200,000)	-	-	-	-	(1,200,000)
Blackwell Endowment	-	17,405	(10,800)	-	-	6,605
Aurelius Trust (Blackwell Library)	1,163	-	-	-	-	1,163
Association of Industrial Archeology	-	9,645	(9,645)	-	-	-
Social Enterprise Funding	-	10,000	-	-	-	10,000
Abbot Hall Redevelopment	744,470	1,000	(702,347)	-	-	43,123
Areti Charitable Trust	-	2,991	-	-	-	2,991
Great Britain Sasakawa Foundation	-	1,411	(1,411)	-	-	-
The John Ellerman Foundation	-	31,667	(31,667)	-	-	-
NHLF	55,723	-	(55,723)	-	-	-
Art Fund	33,338	-	(20,586)	-	-	12,752
Garfield Weston Foundation	194,261	-	(156,668)	-	-	37,593
Clore Duffield Foundation	20,000	-	(1,174)	-	-	18,826
Total restricted funds	17,363,667	147,519	(1,198,597)	-	-	16,312,589
<i>Permanent</i>						
Blackwell Endowment	585,000	-	-	-	-	585,000

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

	Balance at 1 April 2021 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2022 £
Total funds	17,867,978	2,743,306	(3,835,157)	-	100,080	16,876,207
	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2021 £
Unrestricted funds						
<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)
Total unrestricted funds	(644,676)	2,348,697	(1,868,944)	61,789	22,445	(80,689)
Restricted funds						
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)	-	-	-
Total restricted funds	17,923,835	899,516	(321,557)	39,366	(1,177,493)	17,363,667

Lakeland Arts

Notes to the Financial Statements for the Year Ended 31 March 2022

	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>
Total funds	<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>

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Notes to the Financial Statements for the Year Ended 31 March 2022

Charity

	Balance at 1 April 2021 £	Incoming resources £	Resources expended £	Balance at 31 March 2022 £
Unrestricted funds				
<i>General</i>				
General funds	561,485	2,029,951	(2,122,385)	469,051
Restricted funds				
Windermere Jetty Construction	17,234,000	-	(155,378)	17,078,622
Windermere Jetty Capital Funds	280,712	-	(3,838)	276,874
Collection funds	-	5,000	-	5,000
Windermere Boat Collection	-	68,400	(49,360)	19,040
HLF loan	(1,200,000)	-	-	(1,200,000)
Association of Industrial Archeology	-	9,645	(9,645)	-
Social Enterprise Funding	-	10,000	-	10,000
Areti Charitable Trust	-	2,991	-	2,991
Great Britain Sasakawa Foundation	-	1,411	(1,411)	-
Aurelius Trust (Blackwell Library)	1,163	-	-	1,163
Abbot Hall Redevelopment	744,470	1,000	(702,347)	43,123
The John Ellerman Foundation	-	31,667	(31,667)	-
NHLF	55,723	-	(55,723)	-
Art Fund	33,338	-	(20,586)	12,752
Garfield Weston Foundation	194,260	-	(156,668)	37,592
Clore Duffield Foundation	20,000	-	(1,174)	18,826
Total restricted funds	<u>17,363,666</u>	<u>130,114</u>	<u>(1,187,797)</u>	<u>16,305,983</u>
Total funds	<u>17,925,151</u>	<u>2,160,065</u>	<u>(3,310,182)</u>	<u>16,775,034</u>

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Notes to the Financial Statements for the Year Ended 31 March 2022

	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2021 £
Unrestricted funds						
<i>General</i>						
General funds	29,883	2,167,166	(1,556,348)	(39,366)	(39,850)	561,485
Restricted funds						
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)	-	-	-
Total restricted funds	<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>
Total funds	<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>

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Notes to the Financial Statements for the Year Ended 31 March 2022

26 Analysis of net assets between funds

Group

	Unrestricted funds General £	Restricted funds £	Endowment funds Expendable £	Total funds at 31 March 2022 £
Tangible fixed assets	297,362	17,078,622	-	17,375,984
Fixed asset investments	177,727	-	585,000	762,727
Current assets	151,378	433,966	-	585,344
Current liabilities	(307,847)	-	-	(307,847)
Creditors over 1 year	-	(1,200,000)	-	(1,200,000)
Total net assets	<u>318,620</u>	<u>16,312,588</u>	<u>585,000</u>	<u>17,216,208</u>

	Unrestricted funds		Restricted funds	Endowment funds	Total funds at 31 March
	General	Designated	funds	Expendable	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>

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Notes to the Financial Statements for the Year Ended 31 March 2022

Charity

	Unrestricted funds General £	Restricted funds £	Total funds at 31 March 2022 £
Tangible fixed assets	297,362	17,078,622	17,375,984
Fixed asset investments	126,002	-	126,002
Current assets	323,377	427,361	750,738
Current liabilities	(277,690)	-	(277,690)
Creditors over 1 year	-	(1,200,000)	(1,200,000)
Total net assets	<u>469,051</u>	<u>16,305,983</u>	<u>16,775,034</u>
	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>

27 Analysis of net funds

Group

	At 1 April 2021 £	Financing cash flows £	At 31 March 2022 £
Cash at bank and in hand	631,652	-	631,652
Debt due within one year	290,833	(290,833)	-
Debt due after more than one year	(40,833)	40,833	-
Net debt	<u>881,652</u>	<u>(250,000)</u>	<u>631,652</u>
	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	-	290,833	290,833
Debt due after more than one year	-	(40,833)	(40,833)
Net debt	<u>60,825</u>	<u>800,827</u>	<u>861,652</u>

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Notes to the Financial Statements for the Year Ended 31 March 2022

28 Related party transactions

Group

There were no related party transactions in the year.

Charity

There were no related party transactions in the year.