



**Annual report and financial
statements**

31 March 2023

Company limited by guarantee
Registration number
01300565 (England and Wales)

Charity registration number
0273984

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Reference and administrative details about the charity, its board and its advisers

Charity name	Collections Trust
Charity number	0273984
Company number	01300565
Registered office	Rutland House 23-25 Friar Lane Leicester LE1 5QQ
Trustees and directors	Ms C Hampshire (Chair) Mr R Avann Dr A Bhaugeerutty Ms K Childs Ms N Golding Ms S Johnson Ms A Karia Ms S Longmuir Dr C Michaels Ms T Simpson Ms R Sloss Mr P Stevenson Ms L Turner
Company Secretary and Chief Executive	Mr K Gosling
Bankers	CAF Bank Ltd 25 Kings Hill Avenue West Malling ME19 4JQ
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Trustees' annual report 31 March 2023

The trustees, who are also directors and members under company law, present their report and financial statements for the year ended 31 March 2023. The trustees confirm that the financial statements comply with current statutory requirements, the articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities: applicable to charities preparing their financial statements in accordance with the Charities SORP (FRS 102). Collections Trust does not fall within the definition of a 'larger charity'.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Collections Trust is a charitable company limited by guarantee (01300565), originally incorporated (as the Museum Documentation Association) on 28 February 1977. It is registered as a charity with the Charity Commission (0273984).

Updated articles of association were adopted by a special resolution of the members at an extraordinary general meeting on 25 July 2023. Changes relating to trustee benefits and dissolution were approved in advance by the Charity Commission.

Governance

Collections Trust is governed by its board of trustees, who – as noted above – are also directors and members of the company.

Trustees give their time voluntarily and receive no benefits except for the offer of a free copy of Spectrum and discounted conference tickets in order to further their understanding of our work. Any expenses reclaimed are set out in note 6 to the financial statements.

The trustees who served throughout the year ended 31 March 2023 and up to the date these financial statements were approved, except where indicated, were:

Trustees	Appointed / Resigned
Ms C Hampshire (Chair)	
Mr R Avann	
Dr A Bhaugeerutty	(Appointed 30 May 2022)
Ms K Childs	
Ms S Elliott	(Resigned 3 March 2023)
Ms N Golding	(Appointed 30 May 2022)
Ms S Johnson	(Appointed 30 May 2022)
Ms A Karia	
Ms S Longmuir	(Appointed 30 May 2022)
Dr C Michaels	
Ms T Simpson	
Ms R Sloss	(Appointed 30 May 2022)
Mr P Stevenson	
Ms L Turner	

The board meets quarterly, with interim meetings as required to deal with specific matters such as the sign-off of major grant applications.

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STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

In addition, an audit committee comprising a sub-group of trustees with an external chair, meets twice a year to monitor and review all aspects of the organisation's financial management. A further sub-group (the commitments committee) reviews the budget, contractual terms and risks of any proposed project with a value over £10,000, as and when required.

Management

The management team comprises the Chief Executive, Deputy Director and Finance Manager. All are paid employees of the organisation, as are other members of staff.

The Chief Executive is responsible for the overall management of the organisation, leads in particular on the organisation's role in developing of the Museum Data Service, and also acts as company secretary. The Deputy Director leads the grant-funded activity we deliver as one of Arts Council England's Investment Principle Support Organisations. The Finance Manager takes the lead in day-to-day financial management. All three prepare reports for the board and audit committee, including regular updates to the risk register, and attend their meetings.

Remuneration of the Chief Executive, and other members of the management team, is set by the board and, if deemed appropriate, increased annually by a percentage in line with all employees.

OBJECTIVES

Charitable purpose

Our charitable object, set out in our memorandum and articles of association, is to:

Promote the education of the public by the development of museums and similar organisations by all appropriate methods.

Our charitable purpose therefore falls within the scope of the 'advancement of the arts, culture, heritage or science' purpose specified in the Charities Act 2011.

Mission and aims

The mission of Collections Trust is to:

Help museums work with the information that connects collections and audiences.

This mission is fleshed out in our five strategic aims:

- ♦ *Continue to build Collections Trust into a dynamic, ambitious sector support organisation, valued around the world as a leader in collections management standards and advice.*
- ♦ *In partnership with other sector bodies, help UK museums meet the Accreditation standards for managing collections.*

Trustees' annual report 31 March 2023

OBJECTIVES (continued)

- ◆ *Help UK museums make their collections information inclusive and relevant, enriching it with knowledge drawn from a wide range of people.*
- ◆ *Influence the development of a sustainable, futureproof infrastructure for sharing and storing the UK's digital collections, linked to the wider online cultural heritage ecosystem.*
- ◆ *Use that infrastructure to develop tools and services that support smarter working with collections across the sector.*

PUBLIC BENEFIT

The trustees reaffirm that Collections Trust's charitable purpose is for the public benefit, having given due regard to the Charity Commission's guidance. This benefit is indirect: we ourselves do not work directly with the general public, but we help museums that do.

Most obviously, the catalogue information that museums record with the help of our guidance is the raw material for exhibitions and other public-facing interpretation of collections. The Museum Data Service we are helping to create will go further, opening up millions of catalogue records to the public on a scale not seen before in this country.

Much of our work concerns essential tasks that are rarely in the limelight. However, with recent coverage of reported thefts from the British Museum, and of items missing or mislaid in many other museums, basic collections management has been front page news. People rightly expect museums to be accountable for the collections held on behalf of the public. Our collection management standard, Spectrum, sets out guidance for inventorying and auditing collections, and many other procedures that underpin such accountability. Spectrum's minimum requirements for inventory and other key procedures are mandatory for all 1,700 officially Accredited museums in the UK.

ACTIVITIES AND ACHIEVEMENTS

The past year, 2022-23, has seen significant progress towards achieving the first four of our strategic goals, and laid the groundwork for progressing the fifth over coming years. The most decisive of these was confirmation of the start-up funding needed to turn our vision of a Museum Data Service into reality.

A sustainable, futureproof infrastructure for digital collections

In February 1888, Henry Platnauer, Keeper of the Yorkshire Museum, wrote to his counterparts around the country, 'It is proposed to call a meeting of the curators of a few provincial museums... to discuss the possibility of obtaining... a compendious index of the contents of all provincial museums and collections.'

Despite the widespread digitisation of collection catalogues in recent decades, the problem Platnauer was trying to solve remains: it is not currently possible to search across the estimated 80 million object records spread across hundreds of UK museum databases, most of them offline. That is a barrier to collaboration between museums, researchers and other stakeholders who want to work with collections and futureproof the resulting knowledge.

Trustees' annual report 31 March 2023

ACTIVITIES AND ACHIEVEMENTS (continued)

Our solution was to team up with Art UK and the University of Leicester to develop plans for a sustainable Museum Data Service, with the aim of bringing together copies of all object records from all 1,700 Accredited museums (and many other museum-like collections) as the raw material for a wide range of end uses. Through Art UK, our three organisations applied for start-up funding from Bloomberg Philanthropies' Digital Accelerator Programme and, in December 2022, we were able to announce the success of that bid.

The Museum Data Service is currently being built, with a beta release due in November 2023 and start-up completion by the end of the Bloomberg-funded project in May 2024. The Arts and Humanities Research Council has confirmed further funding to consolidate the new service through to 2025 and put it on a pathway to join an emerging national infrastructure for the digital humanities. We hope to sign up half the country's Accredited museums within five years and almost all of them within a decade.

The Museum Data Service [is] a landmark project, that is stepping forward with confidence and vision to resolve something that the sector has struggled with for 25 years ... Collections Trust saw the need for it, was able to articulate the case for it, and then convene the partners that it knew would be able to deliver it.

University stakeholder,
CT impact evaluation report, April 2023

Over coming years, the Museum Data Service will allow us to make progress towards our fifth strategic aim, by underpinning a transformational ecosystem of tools and services that will allow even the smallest museums to benefit from smart technology that is currently out of their reach.

The Museum Data Service can't come soon enough for hard-pressed staff and volunteers. Dynamic collections need dynamic collections information, which is really hard for individual museums to achieve by themselves. The new service will help us all collaborate better with our audiences – and each other.

Camilla Hampshire, CT Chair
and Museum Manager & Cultural Lead, Royal Albert Memorial Museum

A dynamic, ambitious sector support organisation leading the world in its field

Collections Trust has long been recognised internationally as a leader in collections management standards and advice. Our Spectrum standard is widely used around the world and has been translated into Arabic, Spanish, French, Dutch, Norwegian, Polish and Swedish.

Trustees' annual report 31 March 2023

ACTIVITIES AND ACHIEVEMENTS (continued)

Julie Elliott MP: *Are there any institutions that we could look at—museums or other institutions across the world—as exemplars of how you do this? Are there any places that you can think of that we should be looking to?*

Maria Balshaw CBE (Chair of the National Museum Directors' Council and Director of Tate): *Often ... UK museums are looked at as the standard for how you should maintain collections. The UK Spectrum standard and Accreditation, which underpins the way in which we look after all our national and most of our regional collections, is often used as the standard by which other international museums work.*

Commons Select Committee on Culture, Media and Sport,
Oral evidence re British Museum, 18 October 2023

The Spectrum standard lives not just in the published guidance, but – through our valued Spectrum Partners – is also embedded within many of the leading collections management systems, influencing the day-to-day practice of thousands of museums in many countries. The income we receive from licensing Spectrum for commercial use by these system providers is also an important part of our current business model, as are retail sales of publications and forms based on the standard.

In the UK, our unique contribution to the museum sector has been supported for many years through significant core funding from Arts Council England (ACE). In November 2022 we were delighted to receive confirmation of our place within the 2023-26 National Portfolio, as an Investment Principle Support Organisation. In particular, we will help museums across England to put into practice two of the four investment principle's in ACE's *Let's Create* strategy: dynamism, and inclusivity and relevance.

Over coming years, the Museum Data Service will make Collections Trust itself yet more dynamic and ambitious. The new tools it will give us will transform the way we deliver our ACE-funded support, and open up opportunities for our business model to take advantage of the ecosystem that develops around the core service.

Inclusive and relevant collections information

One of the great strengths of the Spectrum standard is that it responds to the changing needs of its users. Our outreach team talks to hundreds of museum staff and volunteers every year and picked up clear signs of a need for guidance about more inclusive cataloguing practice, not least to overcome a lingering 'gatekeeper' mentality in some museums towards 'their' databases.

After consulting widely over several months, in September 2022 we published revised versions of Spectrum's *Cataloguing* and *Use of collections* guidance, with the aim of encouraging a more open and inclusive approach.

Trustees' annual report 31 March 2023

ACTIVITIES AND ACHIEVEMENTS (continued)

The new version, Spectrum 5.1, has been rolled out with extensive outreach and communications activity under the banner *Rethinking Cataloguing*, which was also the topic of our successful online conference in November 2022. Outreach and comms on this theme will continue in a multi-year drive that will increasingly use the Museum Data Service to mitigate some of the knowledge-management problems that have hindered past attempts to develop collaborative cataloguing.

I'm really impressed with the revised 5.1 Spectrum standard and the way it's embedding inclusivity and relevance into how museums manage collections information ... It's a useful tool to help museums shape their thinking. Much needed! I think as the revised standard gets more embedded in museums' processes we'll start to see the real impact.

Museum Development stakeholder,
CT impact evaluation report, April 2023

Help museums meet Accreditation standards for managing collections

Just thank you for this program. It really has given me/us the confidence and knowledge to be a more effective Registrar ... Thank you for the continuing advice that I know we can ask [for] whenever something crops up ... I know that I will get the help I need from Museum Development, Collections Trust and the wider museum world. I don't know where we would be without you!!

Outreach training session attendee

As noted already, our Spectrum standard is embedded into the Museum Accreditation requirements. This national scheme is run by ACE, Museums Galleries Scotland, the Welsh Government and Northern Ireland Museums Council. Its standards exist 'to ensure all museums are sustainable, focused and trusted, inspiring the confidence of the public and funding and governing bodies.' Specifically, Accredited museums must meet the minimum requirements of Spectrum's nine 'primary procedures': *Object entry; Acquisition and accessioning; Location and movement control; Inventory; Cataloguing; Object exit; Loans in (borrowing objects); Loans out (lending objects); and Documentation planning.*

The full guidance for these and other Spectrum procedures is freely available for non-commercial use from our website, along with a wealth of related resources. In May 2022 we changed our web analytics provider to get a clearer idea of the number of times our resources were downloaded. Between May 2022 and March 2023 there were nearly 21,000 unique downloads of Spectrum procedures and other PDFs from our site, from nearly 185,000 site visits.

Trustees' annual report 31 March 2023**ACTIVITIES AND ACHIEVEMENTS** (continued)

In February 2022, in response to user feedback, we introduced the first three in a series of bitesize videos that summarise Spectrum guidance on a specific topic in just five minutes. These and our other resources are promoted to the 5,000 subscribers of our monthly e-newsletter and through our social media channels, particularly LinkedIn, where the number of followers of our page almost doubled over the year to more than 4,000.

The most direct way we help museums put Spectrum into practice is through the ACE-funded outreach programme we run in partnership with the (also ACE-funded) Museum Development (MD) network in England. In a much-valued collaborative approach we pioneered, we offer free days of training and other outreach support according to the proportion of Accredited museums in each MD region. These are run as part of each region's own training programme. Overall, we ran 61 such regional sessions over the year, reaching 735 participants. Our outreach team also delivered a further 8 online events nationally, reaching a further 242 participants.

Museum Development Practitioners in England consider the ACE funded activity provided by Collections Trust to be a vital support element to the museums in their regions. The programmes and outreach developed and delivered by Collections Trust are essential for the continued professional and organisational development of museums in England.

Paddy McNulty, external evaluator
CT impact evaluation report, April 2023

As in previous years, ACE's Accreditation partners in Scotland, Wales and Northern Ireland commissioned further Spectrum training sessions to help the museums they support meet the required standards. Our longstanding relationships with the museum lead bodies in the other home nations look set to strengthen further, particularly in Wales, where a translation of Spectrum grant-funded by the Welsh Government is currently underway.

FINANCIAL REVIEW

During the year, Collections Trust had income, excluding bank interest, of £371,607 (2022: - £379,635). Of this, £235,198 (2022: £204,232) was restricted funding with £234,232 (2022: £204,232) received from the Arts Council England.

Unrestricted income of £136,409 (2022: £175,403) was made up from: retail sales of publications and forms £34,097 (2022: £34,842); Spectrum partnership membership fees £62,628 (2022: £56,147); consultancy projects £27,584 (2022: £70,750); conference ticket sales £5,800 (2022: £7,064) and training income £6,300 (2022: £6,600).

Collections Trust spent £234,232 (2022: £234,232) directly on Arts Council England projects, including staff time. £130,674 (2022: £128,721) was spent on other charitable activities (retail, Spectrum partnerships, and consultancy).

Trustees' annual report 31 March 2023**FINANCIAL REVIEW** (continued)

The year finished with an overall surplus of £7,395 (2022: £16,689). Total funds carried forward (excluding the pension liability) were £151,005 (2022: £143,610) of which £131,005 (2022: £123,610) was unrestricted, £20,000 designated (2022: £20,000) and £nil (2022: £nil) restricted, giving free reserves (unrestricted funds excluding fixed assets, pension liability, and designated funds) of £128,089 (2022: £122,811).

The balance sheet shows total funds to be in surplus by £151,005 (2022: deficit of £135,390), once the defined benefit pension as calculated by the actuary has been taken into account. The latest actuarial valuation indicated that the scheme was overall in surplus by £298,000 (2022: overall liability of £279,000). However, as there is uncertainty as to whether this asset may be realised by the charity, an adjustment has been made to cap the asset to £nil on the balance sheet.

Reserves policy and position

The organisation's strategic aims, and the risk register, establish that alongside the need for a general reserves fund, there are also both risks and opportunities that require the designation of funds. The reserves policy therefore sets out the following targets and designations:

1. General fund

Three to six months' operational expenditure in free reserves to accommodate variations in income levels, mitigate against any cashflow shortfalls, and meet any unbudgeted expenditure such as parental or sick pay. This figure equates to between £90,000 and £180,000. At 31 March 2023 the organisation held £128,089 (2022: £122,811) in free reserves (unrestricted, undesignated reserves excluding fixed assets and pensions). This equates to approximately four months' operating costs, falling within the target range of the policy.

2. Strategic fund

A designated fund of £10,000 to allow for the opportunity and flexibility to invest in strategic initiatives related to the museum data service, and other potential opportunities.

3. Defined benefit pension fund

A designated fund of £10,000 to cover potential legal and administrative costs of entering into any deferred debt arrangement (DDA) with the pension fund if required. The last active member of the scheme is likely to retire in 2023-24. As noted above, the most recent revaluation suggests that the risk of a large liability remaining at that point has greatly reduced. However, until the final position is known, it seems prudent to keep this designated fund in case a DDA is needed.

The organisation aims to provide for these reserves through unrestricted surplus funds carried forward at the end of each financial year. This money is invested in bank savings accounts on the most advantageous overall terms, in respect of interest and charges and access, and is regularly reviewed.

Trustees' annual report 31 March 2023**Fundraising**

The charity does not raise or actively seek to raise funds from the public. The trustees therefore do not consider that they are obliged to make any further disclosures in relation to this area.

Going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing the financial statements. The trustees have made this assessment in respect to a period of at least one year from the date of approval of the annual report and financial statements, and in light of the implications of the current economic downturn, with consideration given to budget forecasts, cashflow, confirmed and pipeline projects.

Further narrative is provided within the assessment of going concern contained within the principal accounting policies at page 22. Based on the information considered, the trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

PRINCIPAL RISKS AND UNCERTAINTIES

The trustees have considered the strategic risks facing Collections Trust and the measures needed to mitigate them. They consider the following to be the key risks and mitigation strategies.

Risk	Local Government Pension Scheme potential liability This pension scheme was closed to new staff several years ago. Only one remaining active member remains, who is expected to retire in May 2024, thus crystallising Collections Trust's exit position. For several years, valuations have projected an unaffordable deficit when that happens. However, the most recent three-year valuation (to 31 March 2022), and subsequent roll-forward projections, suggest the exit position will either be a small, manageable deficit or possibly even a surplus. Given the market volatility of recent times, trustees continue to regard this potential liability as the most significant risk facing the organisation until the exit position is known for sure.
Tolerance	Low – any requirement for immediate repayment of a large liability might push the organisation into insolvency.
Mitigation	As we enter the last few months before the last remaining member's expected retirement, we will continue to monitor the potential exit position through quarterly roll-forward projections from the fund. Should the eventual position result in a liability that cannot be paid off outright, we have designated £10,000 of reserves for the legal, actuarial and administrative costs of entering into a DDA with the pension fund to spread any payment over a number of years, in line with the fund's policy.

Trustees' annual report 31 March 2023

Risk	Cyber security CT is reliant on IT and the internet for all its operations. A cyber-attack could compromise its ability to deliver its services and generate income. A data breach could risk litigation and damage to our reputation.
Tolerance	Medium to low – whilst a cyber-attack is unlikely to threaten the existence of Collections Trust, it could take considerable time and resources to resolve an attack and may lead to costly legal fees and fines.
Mitigation	A password management system has been introduced to ensure all passwords are complex, with multi-factor authentication also required for key systems. The organisation is working to renew its Cyber Essentials accreditation and is commissioning more proactive help with certain requirements from its external IT support. The Cyber Smart app that underpins this accreditation includes training modules on topics such as phishing and password protection that all staff must complete.

Risk	Loss of strategic direction and focus during MDS start up As the Museum Data Service becomes a reality, with Collections Trust as one of three founding organisations, there is potential for confusion amongst stakeholders regarding our brand and purpose, and questions around capacity to cope with such change.
Tolerance	Low – the organisation has been working towards this for many years and needs to maximise the current opportunity to deliver on its strategic aims.
Mitigation	Our Investment Principles action plan sets out how the trust will manage the transition, including continued board development and succession planning for board and key staff.

Risk	Loss of key member of staff Employee turnover is inevitable, and in a small organisation a lot of institutional knowledge rests with a few key individuals.
Tolerance	Medium – the sudden departure of a key member of staff in 2023 proved challenging and time-consuming, but survivable.
Mitigation	The management team works closely together. Handover procedures and documented processes proved effective. Reserves provide the financial resources to hire interim staff when needed.

Trustees' annual report 31 March 2023

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- ◆ Select suitable accounting policies and then apply them consistently;
- ◆ Observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ Make judgements and estimates that are reasonable and prudent;
- ◆ State whether applicable UK accounting standards and statements of recommended practice 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 charity will continue in operation.

The trustees are responsible for keeping proper accounting records that 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.

In so far as the trustees are aware:

- ◆ There is no relevant audit information of which the charitable company's auditors are unaware; and
- ◆ The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Trustees' annual report 31 March 2023

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES (continued)

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2023 was 13 (2022: 9). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

The trustees' annual report has been approved by the trustees and signed on their behalf by:

DocuSigned by:

2D17E48AB2E4452...
C Hampshire
Chair

Date: 12/13/2023

Independent auditor's report 31 March 2023

Independent auditor's report to the members of Collections Trust

Opinion

We have audited the financial statements of Collections Trust (the 'charitable company') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report and financial statements. 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.

Independent auditor's report 31 March 2023

Other information (continued)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees' report, which is also the directors' report for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the 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; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

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

Independent auditor's report 31 March 2023

Responsibilities of trustees (continued)

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

Auditor's responsibilities for the audit of the financial statements

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement director ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our commercial knowledge and experience of the sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Charities Act 2011, Companies Act 2006 and data protection legislation.
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management, inspecting legal correspondence and reviewing trustee meeting minutes.

Independent auditor's report 31 March 2023

Auditor's responsibilities for the audit of the financial statements (continued)

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ reviewed journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of trustee meetings; and
- ◆ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.


Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

Independent auditor's report 31 March 2023

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters 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 company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Gumayel Miah (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 12/19/2023

Statement of financial activities (incorporating an income and expenditure account)

31 March 2023

	Notes	Un-restricted funds £	Restricted funds £	2023 Total funds £	2022 Total funds £
Income from:					
Charitable activities	2	136,409	235,198	371,607	379,635
Investments	3	694	—	694	7
Total income		137,103	235,198	372,301	379,642
Expenditure on:					
Charitable activities:					
. Projects and programmes		—	235,198	235,198	234,232
. Other charitable activities		129,708	—	129,708	128,721
Total expenditure	4	129,708	235,198	364,906	362,953
Net income for the year		7,395	—	7,395	16,689
Other recognised gains (losses)					
Actuarial gain in respect to defined benefit pension scheme	19	279,000	—	279,000	165,000
Net movement in funds		286,395	—	286,395	181,689
Total funds brought forward		(135,390)	—	(135,390)	(317,079)
Total funds carried forward		151,005	—	151,005	(135,390)

All of the above results are derived from continuing activities.

There were no other recognised gains or losses other than those stated above.

The attached notes form part of these financial statements.

A full comparative statement of financial activities is included at Note 1.

Balance sheet 31 March 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	8		2,916		799
Current assets					
Stock	9	177		1,336	
Debtors	10	8,517		15,889	
Cash at bank and in hand		173,575		161,947	
		182,269		179,172	
Liabilities:					
Creditors: amounts falling due within one year	11	(34,180)		(36,361)	
Net current assets			148,089		142,811
Total assets less current liabilities			151,005		143,610
Pension liability	19		—		(279,000)
Total net asset (liabilities)			151,005		(135,390)
The funds of the charity:					
Restricted funds	13		—		—
Unrestricted funds:					
. Designated funds		20,000		20,000	
. Pension reserve	13	—		(279,000)	
. General funds	13	131,005		123,610	
Total unrestricted funds	13		151,005		(135,390)
Total funds			151,005		(135,390)

The financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Approved by the trustees and signed on their behalf by:

DocuSigned by:

 2D17E48AB2E4452...
 C Hampshire
 Chair

Date: 12/13/2023

Company registration number: 01300565 (England and Wales)

The attached notes form part of the financial statements.

Statement of cash flows 31 March 2023

	Note	2023 £	2023 £	2022 £	2022 £
Cash flows from operating activities:					
Net cash provided by operating activities	14		13,518		20,453
Cash flows from investing activities:					
Interest received		694		7	
Purchase of fixed assets		(2,584)		(1,007)	
Cash used in investing activities			(1,890)		(1,000)
Change in cash and cash equivalents in the year			11,628		19,453
Cash and cash equivalents at the beginning of the year			161,947		142,494
Cash and cash equivalents at the end of the year	15		173,575		161,947

Principal accounting policies 31 March 2023

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102) and the Companies Act 2006.

The charitable company meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared under the historical cost convention with items initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements are presented in sterling and are rounded to the nearest pound.

Going concern

The trustees have therefore concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

We are pleased to have received confirmation that Collections Trust will be part of the 2023 to 2026 National Portfolio which will should mean that our ACE grant funding is highly likely to continue at, or near, the expected level of £234,232 per year through to March 2026. Through the confirmed support of Bloomberg Philanthropies for the Museum Data Service start-up phase, Collections Trust will receive (via Art UK) more than £83,000 for its work on that project in 2023-24, and a further £14,300 for April – May 2024. The Arts and Humanities Research Council (AHRC) will sustain the Museum Data Service beyond the start-up, with infrastructure funding confirmed at least to March 2025. Collections Trust will receive (via the University of Leicester) at least £60,000 of this AHRC grant for its continuing work on the core service over that period.

Although consultancy income was under budget in 2022-23 (for the first time in many years), the work already secured, along with commissioned training and a grant for translating Spectrum into Welsh, puts the projected total from these sources above target in the current year. Moreover, as the Museum Data Service starts up in earnest, it will bring opportunities in future years for Collections Trust to generate income from consultancy work and grant-funded projects on the back of it.

Income from the Spectrum Partnership scheme is projected to be slightly above target in the current year, while ongoing efficiencies to the retail operation and administration should bring savings to the bottom line by year-end and into future years.

Critical accounting estimates and areas of judgement

The most significant area of adjustment and key assumption that affects items in the financial statements is the anticipated pension liability which the charity will have to pay, and which is detailed in note 19.

Principal accounting policies 31 March 2023

Critical accounting estimates and areas of judgement (continued)

The estimated liability is determined with the support of qualified actuaries. For 2022/23, as a result of external economic factors influencing the actuarial assumptions adopted (and in particular the increase in the discount rate applied in relation to scheme obligations) the actuary has estimated that the scheme is, at 31 March 2023, in a net asset position. The asset has not been recognised on the balance sheet on the basis of the trustees' judgement that, at the point of approving the financial statements, there is uncertainty as to whether the asset may be realised in terms of future contributions or refunds from the scheme.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred. Income received in advance for the provision of specified service is deferred until the criteria for income recognition are met.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer, it is probable that the income will be received, and the revenue and associated costs can be reliably measured.

Revenue from the provision of services is recognised when it is probable that Collections Trust will receive the economic benefit and the revenue and associated costs can be reliably measured. For continuing services, revenue is recognised when the stage of completion can be reliably measured.

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.

Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity.

Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis. Expenditure is comprised of direct and support costs. Direct costs are allocated to a specific activity. The classification between activities is as follows:

Principal accounting policies 31 March 2023

Expenditure and irrecoverable VAT (continued)

- ◆ Expenditure on charitable activities includes costs of delivering services, exhibitions and other activities undertaken to further the purposes of the charity and their associated support costs; and
- ◆ Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred and is calculated using the ratio that business income bears to total income.

Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back-office costs, finance, payroll and governance costs which support the charitable activities. These costs have been allocated between the various charitable activities. They are allocated based on staff time.

Operating leases

Rental charges are charged on a straight-line basis over the term of the lease.

Tangible fixed assets

Items of equipment are capitalised where the assets are expected to have a useful life of more than four years. The capitalisation threshold is £1,000. Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- ◆ Fixtures and fittings 20% per annum based on cost
- ◆ Computer equipment 25% per annum based on cost

Stock

Stock is included at the lower of cost or net realisable value.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a maturity of three months or less.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Principal accounting policies 31 March 2023

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

Pensions

The charity contributes to a defined benefit scheme operated by Cambridgeshire County Council, which provides benefit based on average pensionable salary. The assets of the scheme are held and managed separately from those of the charity.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. Any increases in the present value of the liabilities within the charity's defined benefit scheme expected to arise from employee service in the period is allocated to the respective expense category within the statement of financial activities. Actuarial gains and losses are recognised in the statement of financial activities as part of other recognised gains and losses for the period.

Where the scheme is estimated to be in a surplus position, under the reporting provisions of FRS 102, the charity is only able to recognise the surplus as to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. As there is uncertainty, at the time of approving the accounts, as to whether the charity will be able to realise the asset (in terms of future contributions or refunds from the scheme), the surplus is not recognised on the balance sheet, and a corresponding adjustment is made within other recognised gains and losses on the statement of financial activities (as an actuarial loss) to bring the net position to £nil on the balance sheet.

The charity also offers an auto-enrolment pension scheme into which all new employees are enrolled. Contributions in respect to the personal pension schemes and defined contribution schemes are recognised in the statement of financial activities in the year in which they are payable to the relevant scheme.

Notes to the financial statements 31 March 2023

1 Detailed comparatives for the statement of financial activities

	Notes	Unrestricted funds £	Restricted funds £	2022 Total funds £
Income from:				
Charitable activities	2	175,403	204,232	379,635
Investments	3	7	—	7
Total income		175,410	204,232	379,642
Expenditure on:				
Charitable activities:				
. Projects and programmes		—	234,232	234,232
. Other charitable activities		128,721	—	128,721
Total expenditure	4	128,721	234,232	362,953
Net income (expenditure) for the year		46,689	(30,000)	16,689
Other recognised losses				
Actuarial gain in respect to defined benefit pension scheme	19	165,000	—	165,000
Net movement in funds		211,689	(30,000)	181,689
Total funds brought forward		(347,079)	30,000	(317,079)
Total funds carried forward		(135,390)	—	(135,390)

2 Income from charitable activities

	Un-restricted funds £	Restricted funds £	2023 Total funds £	Un-restricted funds £	Restricted funds £	2022 Total funds £
Projects and programmes						
Arts Council England	—	234,232	234,232	—	204,232	204,232
Other charitable activities						
Retail and publishing	34,097	—	34,097	34,842	—	34,842
Spectrum partnership licencing scheme	62,628	—	62,628	56,147	—	56,147
Consultancy	27,584	—	27,584	70,750	—	70,750
Training	6,300	—	6,300	6,600	—	6,600
Conference	5,800	—	5,800	7,064	—	7,064
Other income	—	966	966	—	—	—
Total income from charitable activities	136,409	235,198	371,607	175,403	204,232	379,635

Notes to the financial statements 31 March 2023

3 Income from investments

	Unrestricted funds £	Restricted funds £	2023 Total funds £	Unrestricted funds £	Restricted funds £	2022 Total funds £
Bank interest	694	—	694	7	—	7

4 Analysis of expenditure

	Restricted		Unrestricted						2023 Total £
	ACE £	Other grant funding £	Retail £	Spectrum £	Consultancy £	Training £	Conference £	CT Award £	
Expenditure									
Direct costs	19,336	966	16,679	383	—	—	1,222	1,042	39,628
Direct staff costs	162,432	—	10,814	1,900	16,574	2,769	—	—	194,489
	181,768	966	27,493	2,283	16,574	2,769	1,222	1,042	234,117
Overheads									
Administration overheads	52,464	—	6,672	7068	56,623	1,286	—	—	67,751
Staff overheads	—	—	27,514	2,911	27,308	5,305	—	—	63,038
	52,464	—	32,697	3,459	32,453	6,304	—	—	127,377
Total expenditure 2023	234,232	966	61,679	5,900	50,505	9,360	1,222	1,042	364,906

	Restricted		Unrestricted					2022 Total £
	ACE £	Retail £	Spectrum £	Consultancy £	Training £	Conference £	CT Award £	
Expenditure								
Direct costs	16,221	14,026	434	13,131	—	452	—	44,264
Direct staff costs	142,433	9,610	1,249	31,629	2,661	—	—	187,582
	158,654	23,636	1,683	44,760	2,661	452	—	231,846
Overheads								
Administration overheads	54,145	4,283	336	9,903	964	—	—	69,631
Staff overheads	21,433	11,075	868	25,606	2,493	—	—	61,476
	75,578	15,358	1,204	35,509	3,458	—	—	131,107
Total expenditure 2022	234,232	38,994	2,887	80,269	6,119	452	—	362,953

Overheads are allocated based on staff time per activity.

5 Net income for the year

This is stated after charging:

	2023 £	2022 £
Operating lease rentals		
. Property	—	19,241
Depreciation	467	315
Auditor's remuneration		
. Audit fees	11,330	6,728

Notes to the financial statements 31 March 2023**6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel**

Staff costs were as follows:

	2023 £	2022 £
Salaries and wages	232,730	222,751
Social security costs	19,383	18,908
Pension costs	13,414	13,116
Redundancy costs	—	4,283
Temporary staff costs	9,734	—
	275,261	259,058
FRS 102 defined benefit pension adjustment	(8,000)	(10,000)
	267,261	249,058

The following number of employees received employee benefits (excluding employer pension contributions) during the year between:

	2023 £	2022 £
£60,000 - £69,999	1	1

The total employee benefits (being salary, employer's NI contributions, and pension) of the key management personnel were £78,903 (2022: £100,629).

The charity trustees' expenses reimbursed during the year were £405 (2022: £nil). The charity trustees were not paid and did not receive any other benefits from employment with the charity in the year (2022: £nil). No charity trustee received payment for professional or other services supplied to the charity (2022: £nil).

Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2023 No.	2022 No.
ACE	3.4	3.0
Retail	0.3	0.3
Spectrum	0.1	0.1
Consultancy	0.2	0.5
Training	0.1	0.1
Support	1.2	1.5
	5.3	5.5

7 Taxation

Collections Trust is a registered charity and therefore not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

Notes to the financial statements 31 March 2023**8 Tangible fixed assets**

	Computer equipment £	2023 Total £
Cost		
At 1 April 2022	1,007	1,007
Additions	2,584	2,584
At 31 March 2023	3,591	3,591
Depreciation		
At 1 April 2022	208	208
Charge for the year	467	467
At 31 March 2023	675	675
Net book values		
At 1 April 2022	799	799
At 31 March 2023	2,916	2,916

All of the above assets are used for charitable purposes.

9 Stock

	2023 £	2022 £
Forms and catalogue cards	177	1,336
	177	1,336

10 Debtors

	2023 £	2022 £
Amounts falling due in less than one year:		
Trade debtors	1,523	4,201
Sundry debtors	—	161
Prepayments	6,994	5,977
Rental deposit	—	5,550
	8,517	15,889

Notes to the financial statements 31 March 2023**11 Creditors: amounts falling due within one year**

	2023 £	2022 £
Trade creditors	9,572	4,894
Taxation and social security	—	5,154
Pension contributions	—	956
Redundancy payment	—	4,283
Deferred income	—	308
Accruals	18,982	15,367
VAT payable	5,626	5,358
Royalties	—	41
	34,180	36,361

12 Analysis of net assets between funds

	Unrestricted £	Restricted £	2023 Total funds £	Unrestricted £	Restricted £	2022 Total funds £
Tangible fixed assets	2,916	—	2,916	799	—	799
Net current assets	148,089	—	148,089	142,811	—	142,811
Pension liability	—	—	—	(279,000)	—	(279,000)
Net assets/liabilities at the end of the year	151,005	—	151,005	(135,390)	—	(135,990)

13 Movement in funds

	At 1 April 2022 £	Income £	Expenditure £	Gains / (losses) and transfers £	At 31 March 2023 £
Restricted funds					
Arts Council England					
· Core funding	—	234,232	(234,232)	—	—
· Other income	—	966	(966)	—	—
Total restricted funds	—	235,198	(235,198)	—	—
Unrestricted funds					
Designated funds					
· Strategic development	10,000	—	—	—	10,000
· Defined benefit pension scheme management	10,000	—	—	—	10,000
	20,000	—	—	—	20,000
FRS102 pension liability	(279,000)	—	—	279,000	—
General funds	123,610	137,103	(129,708)	—	131,005
Total unrestricted funds	(135,390)	137,103	(129,708)	279,000	151,005
Total funds	(135,390)	372,301	(364,906)	279,000	151,005

Notes to the financial statements 31 March 2023**13 Movement in funds (continued)**

	At 1 April 2021 £	Income £	Expenditure £	Gains / (losses) and transfers £	At 31 March 2022 £
<i>Restricted funds</i>					
Arts Council England					
· Core funding	30,000	204,232	(234,232)	—	—
Total restricted funds	30,000	204,232	(234,232)	—	—
<i>Unrestricted funds</i>					
<i>Designated funds</i>					
Strategic development	—	—	—	10,000	10,000
Defined benefit pension					
Scheme management	—	—	—	10,000	10,000
	—	—	—	20,000	20,000
FRS 102 pension liability	(445,000)	—	1,000	165,000	(279,000)
General funds	97,921	175,410	(129,721)	(20,000)	123,610
Total unrestricted funds	(347,079)	175,410	(128,721)	165,000	(135,390)
Total funds	(317,079)	379,642	(362,953)	165,000	(135,390)

Restricted funds represent grants for specific purposes, being the ACE grant for delivery of the ACE activity plan 2018-23.

Designated funds comprise £10,000 to allow for strategic development opportunities related to the museum data service or other opportunities that may arise, and £10,000 for the management of the defined benefit pension scheme liability. This second fund is intended as provision for the legal and administrative costs of entering into a deferred debt agreement with the pension fund at the point when the last remaining member of the scheme leaves, and where the fund is in a significant net liability position at that time.

Transfers between funds in 2022 relates to £20,000 from general reserves moved to the two designated funds.

14 Reconciliation of net income to net cash flow from operating activities

	2023 £	2022 £
Net income for the reporting period (as per the statement of financial activities)	7,395	16,689
Depreciation	467	315
Interest	(694)	(7)
Decrease / (Increase) in stock	1,159	(274)
Decrease / (Increase) in debtors	7,372	(2,497)
(Decrease) / Increase in creditors	(2,181)	7,227
Defined benefit pension scheme service and finance cost adjustments	—	(1,000)
Net cash provided by operating activities	13,518	20,453

Notes to the financial statements 31 March 2023**15 Analysis of cash and cash equivalents**

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	161,947	11,628	173,575
	<u>161,947</u>	<u>11,628</u>	<u>173,575</u>
	At 1 April 2021 £	Cash flows £	At 31 March 2022 £
Cash at bank and in hand	142,494	19,453	161,947
	<u>142,494</u>	<u>19,453</u>	<u>161,947</u>

No separate reconciliation of net debt has been prepared as there is no difference between the net cash/(debt) of the charity and the above cash and cash equivalents.

16 Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are 2023: £nil (2022: £nil)

17 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. Each member is liable to contribute a sum not exceeding £1 in the event of the charity being wound up.

18 Related party transactions

Other than as disclosed in note 6, there were no related party transactions for 2023 (2022: £nil).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

19 Defined benefit pension commitments

The charity participates in the Cambridgeshire County Council Pension Scheme, a career average revalued earnings (CARE), multi-employer pension scheme. Participation in the scheme is by virtue of the organisation's status as an admitted body to the fund.

In 2007 the charity was enrolled in a 'small bodies pool' within the pension scheme, and whilst in this pool it was not possible to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore defined contribution accounting was applied during this period. In 2019, the Fund decided to disband the Small Bodies Pool, and as such Collections Trust was able to identify its individual funding position.

The triennial valuation as of 31 March 2019 showed a high-risk deficit of £633,000, but this had dropped to a low-risk deficit of only £20,000 in the subsequent triennial valuation. The latter showed a total liability of £1,753,000 against assets of £1,353,000 as of 31 March 2022.

Notes to the financial statements 31 March 2023**19 Defined benefit pension commitments (continued)****FRS 102**

Financial Reporting Standard 102 (FRS 102) requires the surplus or deficit on the scheme as at 31 March 2023, calculated in accordance with the requirements of FRS 102, to be included on the balance sheet. For the purpose of FRS 102, the assets of the scheme have been taken at market value and the liabilities have been calculated by a qualified independent actuary.

In order to assess the actuarial value of the charity's assets and liabilities as at 31 March 2023, the actuaries have rolled forward the actuarial value of the assets and liabilities of the scheme at 31 March 2020.

The major assumptions used by the actuary in preparing the FRS 102 figures were:

	2023 % per annum	2022 % per annum
Rate of increase in salaries	2.80	3.15
Rate of increase in pension payments	2.75	3.15
Discount rate	4.75	2.75
Rate of inflation - CPI	2.75	3.15

The mortality assumptions used were as follows:

	2023 years	2022 years
Longevity at age 65 for current pensioners		
. Men	21.7	22.2
. Women	24.3	24.2
Longevity at age 65 for future pensioners		
. Men	22.2	23.0
. Women	25.5	25.7

The net movement in the FRS 102 liability during the year was:

	2023 £'000s	2022 £'000s
Net deficit in scheme at 1 April	(279)	(445)
Service cost	(17)	(14)
Net interest	(8)	(9)
Employer contributions	25	24
Re-measurement of the defined liability per actuary	577	165
Net asset / (deficit) in the scheme as per actuarial valuation	298	(279)
Adjustment recognised within actuarial losses to cap pension asset*	(298)	—
Net deficit in scheme at 31 March as recognised on the balance sheet	—	(279)

*As the net surplus is deemed to be irrecoverable, recognition of the surplus on the balance sheet has been restricted to £nil. The adjustment of £298,000 has been offset against the overall actuarial gain for the year.

Notes to the financial statements 31 March 2023**19 Pension commitments (continued)**

Total expenditure recognised in the statement of financial activities (SOFA) was:

	2023 £000s	2022 £000s
Service cost	17	14
Total expenditure recognised in SOFA	17	14
Employer contributions	(25)	(24)
FRS 102 charge (credit)	(8)	(10)

The net gain recognised in the re-measurements in other recognised gains and losses was:

	2023 £000s	2022 £000s
Actuarial losses on scheme liabilities	575	97
Actuarial gains on scheme assets	2	68
Adjustment to cap pension asset	(298)	—
Remeasurement of the defined benefit liability	279	165

As pension assets are not deemed recoverable an adjustment to cap the asset value at nil has been made.

Asset and benefit obligation reconciliation:

	2023 £000s	2022 £000s
Defined benefit obligation at 1 April	(1,561)	(1,624)
Current service cost	(17)	(14)
Interest cost	(43)	(33)
Contributions by scheme participants	(3)	(2)
Benefits paid	16	15
Actuarial gains	575	97
Defined benefit obligation at 31 March	(1,033)	(1,561)

Reconciliation of opening and closing balances of the fair value of the charity's share of the scheme assets:

	2023 £000s	2022 £000s
Fair value of scheme assets at 1 April	1,282	1,179
Actuarial gains	2	68
Interest income on assets	35	24
Contributions by employer	25	24
Contributions by scheme participants	3	2
Benefits paid	(16)	(15)
Fair value of scheme assets at 31 March	1,331	1,282

Notes to the financial statements 31 March 2023**19 Pension commitments** (continued)

The charity's share of the assets in the scheme were:

		Value at 31 March 2023 £'000		Value at 31 March 2022 £'000
	%		%	
Equities	69.0	918	58.3	747
Government bonds	4.7	63	5.0	64
Other bonds	9.3	124	9.2	118
Property	8.3	110	8.9	114
Other managed funds	8.7	116	18.6	239
Total market value of assets		1,331		1,282

Contributions

The total contributions payable by the employer in the year were £25,000. At 31 March 2023, there were no outstanding contributions due to the scheme.

The best estimate of contributions to be paid by the charity to the scheme for the year ending 31 March 2024 is £15,000.