

LAKE LOND ARTS

Company registration number: 8162578

Charity registration number: 1153001

Lakeland Arts Trust

Annual Report and Financial Statements
for the Year Ended

31 March 2025

Lakeland Arts Trust

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Lakeland Arts Trust

Reference and Administrative Details

Trustee	Lakeland Arts, Sole corporate Trustee
Trustees	A Black S A Crewe (Term ended June 2025) K M Howarth A J Karwa E Kentley K J S Knight T A Leach A M Lyles (Resigned November 2025) D Reid MCIOF G F Rycroft E J Scott M Z Benjamin
Charity Registration Number	526980
Principal Office	Abbot Hall Kendal Cumbria LA9 5AL
Independent Examiner	Crossley & Davis Chartered Accountants & Statutory Auditors Ground floor, Seneca House Links Point, Amy Johnson Way Blackpool Lancashire FY4 2FF

Lakeland Arts Trust

Solicitors

Simpson Millar (to June 2020)

5/7 Skipton Street

Morecambe

Lancashire

LA4 4AW

Bankers

Barclays Bank Plc

9 Highgate Kendal

Cumbria LA9 4DF

Lakeland Arts Trust

Trustee's Report

The trustee presents the annual report together with the financial statements of the charity for the year ended 31 March 2025.

Objectives and Activities

Objects and Aims

The principal objects of the Trust are -

- a) The establishment and maintenance of a public art gallery and museum for the town of Kendal and surrounding districts (formerly the Borough of Kendal, the County of Westmorland and surrounding districts).
- b) Any other public charitable purposes tending to advance artistic, historic or intellectual interests in the area which can conveniently be promoted in combination with the purpose at a) above.

Objectives, Strategies and Activities

All activities of Lakeland Arts Trust were transferred as a going concern and from 1 August 2013 were carried out by the new charity, Lakeland Arts.

The collection held by the Trust was loaned to Lakeland Arts throughout the year, and the Blackwell endowment funds generated investment income which was paid across to Lakeland Arts for the maintenance of the Blackwell building.

Public Benefit

Abbot Hall was opened as an art gallery in September 1962 and has since built up an outstanding art collection and created one of the strongest exhibition programmes outside London.

In 1971 the Lakeland Museum 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 Museum was opened, a world-class museum and tourist attraction.

The trustee confirms 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.

Financial Review

The charity had income of £55,125 in the year (2024: £28,776) and expenses of £37,993 (2024: £82,579). This created a surplus of £17,132 before unrealised gains on the value of investments of £4,293. This increased reserves by £21,425, plus an actuarial gain of £83,000 on the pension scheme, resulting in an overall surplus and increase in reserves of £104,425. Of the £104,425 increase in reserves, £83,000 relates to the actuarial gain on the defined benefit pension scheme.

Lakeland Arts Trust

Policy on Reserves

In addition to the permanent endowment, the Trust now holds unrestricted reserves of £109,296. These are available to support the Trust's obligations, including stewardship of the heritage collections, and provide a buffer against investment volatility. No formal reserves target has been set given the Trust's limited ongoing activities, but the trustee reviews the level of free reserves annually.

Changes in Funds

As at 31 March 2025, unrestricted funds increased from £4,871 at 31 March 2024 to £109,296. This reflects a significant improvement in unrestricted reserves, primarily due to an actuarial gain of £83,000 on the defined benefit pension scheme. The improvement is mainly actuarial, not operational; LAT's activities remain minimal and largely investment-based.

Investment Policy and Objectives

The Trust has the power to make investments that 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.

Structure, Governance and Management

Nature of Governing Document

The Lakeland Arts Trust (the Trust) is an unincorporated trust, constituted under a trust deed dated 19 August 1957 and is a registered charity, number 526980. The 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.

During 2013 an important and substantial change in the constitution under which the activities of the Trust are carried out was completed. The Trustees determined that it is in the best interests of the Trust to restructure in order to minimise risk to its assets whilst enabling the Trust to achieve its charitable objectives.

The Trust incorporated Lakeland Arts, a company limited by guarantee (Company number 8162578) and completed its registration as a charity (Charity number 1153001) with similar objects to the Trust so as to replace the Trust as the operator of the various venues for use by the public and to carry forward the redevelopment of the Windermere Jetty Museum.

At the close of business on 31 July 2013 the funds, assets and liabilities of Lakeland Arts Trust were transferred to the new charity. Lakeland Arts Trust continues to hold the Blackwell Endowment which is a permanent endowment, and the collections which are loaned to the new charity.

All individual Trustees of the Trust resigned on 31 July 2013 and were appointed as Directors and Trustees of the new charity, Lakeland Arts, which became sole corporate Trustee of Lakeland Arts Trust. There is no limit to the duration of the term of the sole corporate Trustee provided that it remains an incorporated entity and registered as a charity with the Charity Commission.

Recruitment and Appointment of Trustee

Lakeland Arts is the sole corporate trustee.

Lakeland Arts Trust

Relationships with Related Parties

Lakeland Arts

Lakeland Arts is the sole corporate trustee. The charitable company is loaned the collections owned by Lakeland Arts Trust and operates Abbot Hall, the Lakeland Museum, the Windermere Jetty Museum, and the Blackwell Arts & Crafts House in conjunction with its trading subsidiary Lakeland Arts Enterprises Limited. Lakeland Arts Trust pays the income arising on the Blackwell endowment across to Lakeland Arts for the maintenance of Blackwell Arts & Crafts House and Lakeland Arts covers any operational expenses by way of donation.

Lakeland Arts Support Trust

The Lakeland Arts Support Trust, a charitable company formed in 1998 for the purpose of generating income to provide financial support for Lakeland Arts Trust (and now Lakeland Arts) at its Abbot Hall site in Kendal.

Westmorland and Furness Council

Westmorland and Furness Council owns the Abbot Hall building and also makes an annual grant towards Lakeland Art's costs.

Major Risks and Management of Risks

Risk Management

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
- meeting the expectations of beneficiaries or supporters.

The Trustees review these risks on an ongoing basis and satisfy itself 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
- 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 Trust is exposed, under the headings of:

- fire, flood and major disaster
- security
- health and safety
- financial controls.

Lakeland Arts Trust

Financial instruments

Objectives and Policies

The Charity's activities are now restricted to holding investments and loaning its collection. These activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The charity does not use derivative financial instruments.

Cash Flow Risk

The Charity's activities expose it primarily to the financial risks of changes in investment values and investment income. The investments are managed 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.

Credit Risk

The Charity's principal financial assets are investments. The credit risk is not material as operations are conducted by Lakeland Arts.

Liquidity Risk

As operations are conducted by Lakeland Arts liquidity risk is not material.

The annual report was approved by the trustee of the charity on 19th December 2025 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'D Reid', is written over a dotted line.

D Reid MCIOF

Chair and Trustee, Lakeland Arts

Lakeland Arts Trust

Statement of Trustees' Responsibilities

The trustee is responsible for preparing the trustee's report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

The law applicable to charities requires the trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustee is required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008, and the provisions of the constitution. The trustee are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Approved by the trustee of the charity on 19 December 2025 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'D Reid', written over a dotted line.

D Reid MCIOF

Chair and Trustee, Lakeland Arts

Lakeland Arts Trust

Independent Examiner's Report to the trustees of Lakeland Arts Trust

I report to the trustees on my examination of the accounts of Lakeland Arts Trust for the year ended 31 March 2025.

Responsibilities and basis of report

As the charity trustees of Lakeland Arts Trust, you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ("the Act").


I report in respect of my examination of the Lakeland Arts Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. Accounting records were not kept in respect of Lakeland Arts Trust as required by section 130 of the Act; or
2. The accounts do not accord with those records; or
3. The accounts do not comply with the accounting requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a "true and fair view" which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



Peter G.C. Riley FCA
Chartered Accountants & Statutory Auditors
ICAEW

Crossley & Davis
Ground floor, Seneca House
Links Point, Amy Johnson Way
Blackpool
Lancashire
FY4 2FF

Lakeland Arts Trust

Statement of Financial Activities for the Year Ended 31 March 2025

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2025 £
Income and Endowments from:					
Donations and legacies	2	31,704	-	-	31,704
Investment income	3	10,596	12,795	-	23,391
Other income		30	-	-	30
Total income		42,330	12,795	-	55,125
Expenditure on:					
Raising funds	4	(83)	-	-	(83)
Charitable activities	5	(25,115)	(12,795)	-	(37,910)
Total expenditure		(25,198)	(12,795)	-	(37,993)
Gains/losses on investment assets		-	-	4,293	4,293
Net expenditure		17,132	-	4,293	21,425
Gross transfers between funds		4,293	-	(4,293)	-
Other recognised gains and losses:					
Actuarial gains/(losses) on defined benefit pension schemes		83,000	-	-	83,000
Actuarial (loss)/gain recognised in pension reserve		-	-	-	-
Net movement in funds		104,425	-	-	104,425
Reconciliation of funds					
Total funds brought forward		4,871	-	515,000	519,871
Total funds carried forward	18	109,296	-	515,000	624,296

The notes on pages 13 to 25 form an integral part of these financial statements.

Lakeland Arts Trust

Statement of Financial Activities for the Year Ended 31 March 2024

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2024 £
Income and Endowments from:					
Donations and legacies		6,705	-	-	6,705
Investment income	3	2,214	19,827	-	22,041
Other income		30	-	-	30
Total income		<u>8,949</u>	<u>19,827</u>	<u>-</u>	<u>28,776</u>
Expenditure on:					
Raising funds		1,128	-	-	1,128
Charitable activities		(13,707)	(19,827)	(50,173)	(83,707)
Total expenditure		<u>(12,579)</u>	<u>(19,827)</u>	<u>(50,173)</u>	<u>(82,579)</u>
Gains/losses on investment assets		500	-	28,290	28,790
Net expenditure		<u>(3,130)</u>		<u>(21,883)</u>	<u>(25,013)</u>
Gross transfers between funds		10,977	-	(10,977)	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes		22,000	-	-	22,000
Actuarial (loss)/gain recognised in pension reserve		(22,000)	-	-	(22,000)
Net movement in funds		<u>7,847</u>	<u>-</u>	<u>(32,860)</u>	<u>(25,013)</u>
Reconciliation of funds					
Total funds brought forward		<u>(2,976)</u>	<u>-</u>	<u>547,860</u>	<u>544,884</u>
Total funds carried forward	18	<u><u>4,871</u></u>	<u><u>-</u></u>	<u><u>515,000</u></u>	<u><u>519,871</u></u>

All of the charity's activities derive from continuing operations during the above two periods. The funds breakdown for 2024 is shown in note 18.


The notes on pages 13 to 25 form an integral part of these financial statements.

Lakeland Arts Trust

Lakeland Arts Trust (Registration number: 526980) Balance Sheet as at 31 March 2025

	Note	2025 £	2024 £
Fixed assets			
Investments	12	569,288	552,283
Current assets			
Debtors	13	12,678	2,196
Cash at bank and in hand	14	209	300
		<u>12,887</u>	<u>2,496</u>
Creditors: Amounts falling due within one year	15	<u>(40,879)</u>	<u>(34,908)</u>
Net current liabilities		<u>(27,992)</u>	<u>(32,412)</u>
Net assets excluding pension asset		541,296	519,871
Pension scheme asset	16	<u>83,000</u>	<u>-</u>
Net assets including pension asset		<u>624,296</u>	<u>519,871</u>
Funds of the charity:			
Endowment funds		<u>515,000</u>	<u>515,000</u>
Unrestricted income funds			
Unrestricted funds		26,296	4,871
Pension reserve		<u>83,000</u>	<u>-</u>
Total unrestricted funds		<u>109,296</u>	<u>4,871</u>
Total funds	18	<u>624,296</u>	<u>519,871</u>

The financial statements on pages 9 to 23 were approved by the trustee, and authorised for issue on 19th December 2025 and signed on their behalf by:



D Reid MCIOF

Chair and Trustee, Lakeland Arts

The notes on pages 13 to 25 form an integral part of these financial statements.

Lakeland Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

1. Accounting Policies

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) and the Charities Act 2011.

Basis of Preparation

Lakeland Arts Trust meets the definition of a public benefit entity under FRS 102. The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The accounts are presented in sterling and rounded to the nearest £.

Going Concern

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

The Finance Committee has delegated responsibility to 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. The charity is part of the Lakeland Arts Group and a fuller explanation of the going concern position for the group can be found in the group accounts.

Income and Endowments

Voluntary income including donations, gifts, legacies and grants that provide core funding or are of a general nature is recognised when the charity has entitlement to the income, it is probable that the income will be received and the amount can be measured with sufficient reliability.

Donations and Legacies

Donations and legacies are recognised on a receivable basis when receipt is probable and the amount can be reliably measured.

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.

Lakeland Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

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. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Raising Funds

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

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.

Governance Costs

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

Taxation

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

Heritage Assets

The Lakeland Arts Trust's primary purpose is to establish a public art gallery and museums for the town of Kendal and surrounding areas, and to advance artistic and historic interests in the area. In this connection the Trust holds collections at Abbot Hall, Lakeland Museum, Blackwell and Windermere Jetty Museum.

These are inalienable heritage assets in the sense that it is a fundamental part of the Trust's purpose to hold and preserve them permanently, and the Trust is effectively prohibited from disposing of them for any other purpose, not only by the terms of its Trust Deed, but also by external considerations including conditions applied by funding bodies. These collections items 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 Trustee considers that the collections are heritage assets and that because of the above information on their cost or valuation is not available or would be misleading and such information cannot be obtained at a cost commensurate with the benefit to the users of the accounts and to the charity and the Trust does not,

Lakeland Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

therefore, represent them on the Balance Sheet. The Trust instead makes the disclosures required by 18.26 to 18.31 of the Charities Statement of Recommended Practice (FRS102).

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.

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

Fund Structure

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds represent those assets which must be held permanently by the charity, in this case to generate income to maintain Blackwell the Arts & Crafts House. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the fund.

Lakeland Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

Pensions and Other Post-Retirement Obligations

The charity operates a defined benefit pension scheme. 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 charity 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 charity after deducting all of its liabilities.

Recognition and Measurement

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

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity 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 charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charity, 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.

Lakeland Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

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.

Fair Value Measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

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Notes to the Financial Statements for the Year Ended 31 March 2025

2. Income from donations and legacies

	Unrestricted funds General £	Total 2025 £
Donations and legacies;		
Donations from individuals	26,574	26,574
Regular giving and capital donations	5,130	5,130
	<u>31,704</u>	<u>31,704</u>
	Unrestricted funds General £	Total 2024 £
<i>Donations and legacies;</i>		
<i>Donations from individuals</i>	1,775	1,775
<i>Regular giving and capital donations</i>	4,930	4,930
	<u>6,705</u>	<u>6,705</u>

3. Investment income

	Unrestricted General £	Restricted funds £	Total 2025 £
Income from dividends;			
Dividends receivable from other listed investments	-	12,795.00	12,795
Interest receivable and similar income;			-
Interest receivable on bank deposits	10,596		10,596
	<u>10,596</u>	<u>12,795</u>	<u>23,391</u>
	Unrestricted General £	Restricted funds £	Total 2024 £
<i>Income from dividends;</i>			
<i>Dividends receivable from other listed investments</i>	-	19,827	19,827
<i>Interest receivable and similar income;</i>			
<i>Interest receivable on bank deposits</i>	2,214	-	2,214
	<u>2,214</u>	<u>19,827</u>	<u>22,041</u>

Lakeland Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

4. Expenditure on raising funds

a) Investment management costs

	Unrestricted funds General £	Total 2025 £
Other investment management costs;		
Costs of obtaining investment advice	83	83
Administration of the investments	-	-
	<u>83</u>	<u>83</u>
	Unrestricted funds General £	Total 2024 £
Other investment management costs;		
Costs of obtaining investment advice	22	22
Administration of the investments	(1,150)	(1,150)
	<u>(1,128)</u>	<u>(1,128)</u>

5. Expenditure on charitable activities

	Unrestricted funds General £	Restricted funds £	Endowment funds Expendable £	Total 2025 £
Donations to Lakeland Arts	19,606	12,795	-	32,401
Support costs	5,509			5,509
	<u>25,115</u>	<u>12,795</u>	<u>-</u>	<u>37,910</u>
	Unrestricted funds General £	Restricted funds £	Endowment funds Expendable £	Total 2024 £
Donations to Lakeland Arts	29,251	19,827	30,522	79,600
Support costs	4,107		-	4,107
	<u>33,358</u>	<u>19,827</u>	<u>30,522</u>	<u>83,707</u>
		Activity undertaken directly £	Activity support costs £	2025 £
Donations to Lakeland Arts		32,401	-	32,401
Support costs		-	5,509	5,509
		<u>32,401</u>	<u>5,509</u>	<u>37,910</u>
		Activity undertaken directly £	Activity support costs £	2024 £
Donations to Lakeland Arts		79,600	-	79,600
Support costs		-	4,107	4,107
		<u>79,600</u>	<u>4,107</u>	<u>83,707</u>

Lakeland Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

6. Analysis of governance and support costs

Governance costs

	Unrestricted funds General £	Total 2025 £
Staff costs		
Pension costs	2,239	2,239
Independent examiner fees		
Examination of the financial statements	2,712	2,712
Legal fees	1,020	1,020
	<u>5,971</u>	<u>5,971</u>
	Unrestricted funds General £	Total 2024 £
<i>Staff costs</i>		
<i> Pension costs</i>	<i>2,318</i>	<i>2,318</i>
<i>Independent examiner fees</i>		
<i> Examination of the financial statements</i>	<i>1,250</i>	<i>1,250</i>
<i>Legal fees</i>	<i>539</i>	<i>539</i>
	<u><i>4,107</i></u>	<u><i>4,107</i></u>

7. Trustee remuneration and expenses

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

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

8. Staff costs

The aggregate payroll costs were as follows:

	2025 £	2024 £
Staff costs during the year were:		
Pension costs	<u>2,239</u>	<u>2,318</u>

1 (2024 - 1) of the above employees participated in the Defined Benefit Pension Schemes.

No employee received emoluments of more than £60,000 during the year

	2025 £	2024 £
9. Independent examiner's remuneration		
Examination of the financial statements	<u>2,712</u>	<u>1,250</u>

10. Taxation

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

Lakeland Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

11. Heritage assets

Summary of transactions

	2025	2024	2023	2022	2021
	£	£	£	£	£
Purchases and additions					
Ephemera	50	-	-	-	-
Contemporary Craft	38,600	-	-	-	-
Furniture	19,258	-	-	-	-
Paintings	-	900	-	-	-
Drawings	-	650	-	17,344	-
Maritime	-	-	100	10,000	-
Donations					
Books	-	-	-	130	-
Ceramics	-	-	-	1,240	-
Costume	-	-	-	30	-
Craft	50	-	-	-	-
Drawings	100	-	-	5,430	-
Engraving	-	-	-	-	-
Ephemera	50	-	-	20	-
Furniture	-	1,100	-	105,080	-
Paintings	1,500	-	-	14,000	214,000
Photographic prints	-	-	-	300	-
Photographs	-	-	5	-	3,100
Sculpture	-	-	-	-	750,000
Social history	-	-	-	4,571	100
Textiles	-	-	200	-	-
Maritime	-	1,000	7,310	35,015	16,000
Horology	-	-	-	-	-
Total additions	59,608	3,650	7,615	193,160	983,200

12. Fixed asset investments

	2025	2024
	£	£
Loans to group undertakings and participating interests	175,478	125,478
Other investments	393,810	426,805
	<u>569,288</u>	<u>552,283</u>

Loans to group undertakings and participating interests

	2025	2024
	£	£
Loan to Parent Company:		
Cost		
At 31 March 2024	125,478	-
Additions	50,000	125,478
At 31 March 2025	<u>175,478</u>	<u>125,478</u>

Net book value

Lakeland Arts (the parent company) has borrowed £175,478 from the endowment fund investments and will repay this over 20 years paying interest at 7.4%.

Lakeland Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

Other investments

	Listed Investments £	Total £
Cost or Valuation		
At 1 April 2024	426,805	426,805
Revaluation	3,605	3,605
Additions	-	-
Disposals	(36,600)	(36,600)
At 31 March 2025	393,810	393,810
Net book value		
At 31 March 2025	393,810	393,810
At 31 March 2024	426,805	426,805

All fixed asset investments are held within the United Kingdom.

13. Debtors

	2025 £	2024 £
Accrued income	12,678	2,196
	<u>12,678</u>	<u>2,196</u>

14. Cash and cash equivalents

	2025 £	2024 £
Cash at bank	100	100
Short-term deposits	109	200
	<u>209</u>	<u>300</u>

15. Creditors: amounts falling due within one year

	2025 £	2024 £
Owed by/(from) group undertakings	39,199	33,708
Accruals	1,680	1,200
	<u>40,879</u>	<u>34,908</u>

16. Pension and other schemes

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. The last actuarial valuation was 31 March 2025.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

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

	2025 £	2024 £
Fair value of scheme assets	1,328,000	1,374,000
Present value of defined benefit obligation	(1,230,000)	(1,352,000)
Impact of asset ceiling	(15,000)	-
Defined benefit pension scheme surplus/(deficit)	<u>83,000</u>	<u>22,000</u>

Lakeland Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2025
	£
Present value at start of year	(1,352,000)
Current service cost	(1,000)
Interest on pension liabilities	(64,000)
Actuarial gains and losses	105,000
Benefits paid	82,000
Present value at end of year	<u>(1,230,000)</u>

Fair value of scheme assets

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

	2025
	£
Fair value at start of year	1,374,000
Interest income	65,000
Return on plan assets, excluding amounts included in interest income/(expense)	(31,000)
Employer contributions	2,000
Benefits paid	<u>(82,000)</u>
Fair value at end of year	<u>1,328,000</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2025	2024
	£	£
Cash and cash equivalents	20,000	21,000
Equity instruments	459,000	509,000
Government bonds	193,000	183,000
Property	104,000	110,000
Other	552,000	551,000
	<u>1,328,000</u>	<u>1,374,000</u>

Return on scheme assets

	2025	2024
	£	£
Return on scheme assets	<u>(34,000)</u>	<u>(102,000)</u>

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

Principal actuarial assumptions

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

	2025	2024
	%	%
Mortality rate	1.50	1.50
Discount rate	5.70	4.90
Future salary increases	4.20	4.20
Future pension increases	2.80	2.80
Inflation	2.70	2.70

Post retirement mortality assumptions

Current UK pensioners at retirement age - male	21.50	22.00
Current UK pensioners at retirement age - female	24.00	24.00
Future UK pensioners at retirement age - male	22.80	23.00
Future UK pensioners at retirement age - female	25.70	26.00

Multi-employer plans

This is a defined benefit plan.

Lakeland Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

17. Reserves

	Pension reserve £	Total £
At 1 April 2024	-	-
Surplus on actuarial revaluation	83,000	83,000
At 31 March 2025	83,000	83,000

The trustees have considered accounting for an LGPS pension surplus and the asset ceiling. The gross surplus of £98,000 has been reduced by the impact of the asset ceiling (£15,000), resulting in a net surplus of £83,000 being recognised. The trustees have reviewed the report provided by Mercer, which provides additional information relating to accounting surplus as of 16 July 2025. The present value of future accounting service cost exceeds the present value of primary contributions, therefore a surplus of £83,000 is recognised as an asset.

	Pension reserve £	Total £
At 1 April 2023	(22,000)	(220,000)
Actuarial gain/(loss) on pension scheme	22,000	22,000
Pension scheme income/(expense)	-	-
At 31 March 2024	-	-

18. Funds

	Balance at 1 April 2024 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2025 £
Unrestricted funds						
General						
Unrestricted general funds	4,871	42,330	(25,198)	4,293	83,000	109,296
Restricted funds						
Restricted Blackwell Income	-	12,795	(12,795)	-	-	-
Endowment funds						
Permanent						
Blackwell Endowment Fund	515,000	-	-	(4,293)	4,293	515,000
Total funds	519,871	55,125	(37,993)	-	87,293	624,296
	Balance at 1 April 2023 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 31 2024 £
Unrestricted funds						
General						
Unrestricted general funds	(2,976)	8,949	(12,579)	10,977	500	4,871
Restricted						
Funds	-	19,827	(19,827)	-	-	-
Endowment funds						
Permanent						
Blackwell Endowment Fund	547,860	-	(50,173)	(10,977)	28,290	515,000
Total funds	544,884	28,776	(82,579)	-	28,790	519,871

Lakeland Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

The specific purposes for which the funds are to be applied are as follows:

The Blackwell Endowment generates income for the upkeep of Blackwell which is transferred to Lakeland Arts as the operating company for that purpose.

In 2023/24, £70,000 of endowment capital was released to Lakeland Arts to fund essential roof repairs at Blackwell, reducing the permanent endowment from £585,000 to £515,000. The Trustees determined this use was consistent with the purposes of the endowment.

Separately, a loan of £125,478 was advanced from the endowment fund to Lakeland Arts in November 2023 under a 20-year loan agreement at an interest rate of 7.4% per annum. In February 2025, an additional £50,000 was advanced as a short-term loan, bringing total borrowings to £175,478 at the balance sheet date.

Subsequent to the year end, the Trustees agreed to consolidate the two loans into a single arrangement. Under the revised terms, interest accrues until 31 March 2026, with monthly repayments of £2,065 commencing in April 2026 over the remaining term, with the loan repayable in full by November 2043.

19. Analysis of net assets between funds

	Unrestricted funds General £	Endowment funds Permanent £	Total funds at 31 March 2025 £
Fixed asset investments	54,288	515,000	569,288
Current assets	95,887	-	95,887
Current liabilities	(40,879)	-	(40,879)
Total net assets	109,296	515,000	624,296
	Unrestricted funds General £	Endowment funds Permanent £	funds at 31 March 2024 £
Fixed asset investments	37,283	515,000	552,283
Current assets	2,496	-	2,496
Current liabilities	(34,908)	-	(34,908)
Total net assets	4,871	515,000	519,871

20. Related party transactions

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

Lakeland Arts

Lakeland Arts (charity number 1153001, company number 8162578) is the sole corporate trustee and therefore is considered to be the parent company.

Operations are managed by Lakeland Arts which funds any expenses incurred by the charity and is also entitled to the restricted income from the endowment fund to cover maintenance of Blackwell in line with the terms of the endowment.

The group accounts can be obtained from Lakeland Arts, Abbot Hall Gallery, Kirkland, Kendal LA9 5AL. At the balance sheet date the amount due to Lakeland Arts was £37,339 (2024 - £33,708).