

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

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CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2022

Trustees	Peter Gaw, Member, Trustee and CEO John Cottee, Chair of Trustees Margot Madin, Chair of Audit and Finance Committee Glynn Gilfoyle, Nominated by Nottinghamshire County Council Trustee John Hess, Community Trustee Liz Howell, Co-opted Trustee Peter Ware, Co-opted Trustee Carol Hanley, Community Trustee Liz Guildford, Staff representative Trustee Jackie Hewlett-Davies, Community Trustee (appointed 13 October 2021) Claire Henson, Community Trustee (resigned 21 September 2021)
Society registered number	RS007139
Registered office	Inspire Head Quarters Glaisdale Parkway Nottingham NG8 4GP
Independent auditors	PKF Smith Cooper Audit Limited Statutory Auditors 2 Lace Market Square Nottingham NG1 1PB
Bankers	Barclays Bank Plc 2 High Street Nottingham NG1 2EN

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

The chairman presents his statement for the year.

This annual report outlines a successful sixth year of operations for Culture, Learning and Libraries (Midlands), trading as Inspire. Inspire continues to consolidate itself as an effective organisation, delivering its contractual obligations to the full and being creative and innovative in its approach to inspiring Nottinghamshire people and communities to read, learn and enjoy culture.

The year has been dominated by the ongoing impact of the Covid 19 pandemic and the continuing challenges this has presented for Inspire as an organisation that employs staff, commissions providers, and delivers a range of community and learning based services.

Recovery was progressing well during the autumn of 2021, until the Omicron variant became dominant, which had a negative impact on people's confidence and willingness to visit public places. However, since the start of 2022 there has been a steady and positive recovery of customer and learner numbers.

As highlighted in last year's report, Inspire's response to the pandemic and associated Covid restrictions was typified by a can-do and agile attitude. The changes to how we operate and how people access our services have continued during this year and continue to require us to be flexible and to take into account new ways of working and in responding to changes in customer and learner needs.

As communities have adapted to a new 'living with Covid' approach, we have seen high demand for our services that bring people together. For example, the demand for our library 'Rattle, Rhyme and Roll' sessions has outstripped our capacity and demonstrates the important way in which our libraries support early language and play development in pre-school children, which was greatly missed by many parents, carers and grandparents.

During the previous year, several projects were undertaken, with delayed in-person performance taking place in 2021 – 2022. The States of Matter digital light and sound installation created by Nottinghamshire young people was performed at St Mary's church as part of Light Night 2022 and had 4,500 attendances and many positive reviews.

The Inspire Christmas Concert was planned to be a blended event, providing a mix of on stage, pre-recorded and live streaming of the concert held at the Royal Concert Hall Nottingham. Over 500 people attended in person, with another 300 joining online.

In partnership with the British Library and Nottingham City Libraries, we have established three Business and Intellectual Property Centres in Beeston, Mansfield and Sutton Libraries, which are successfully supporting new and growing businesses.

In September 2021, we launched our Community Makers volunteering programme to increase the range of volunteering opportunities across Inspire. This gives Inspire the capacity to do more in local communities and offers a range of new ways in which people can give back to their communities. As at the end of March 2022, we had 40 roles and 311 community makers registered.

Inspire has met most performance requirements as laid out within the service specification agreed with the County Council. Some targets have not been achieved due to Covid restrictions on the delivery of services and therefore we have experienced an overall reduction in visits and learner numbers in the last year. However, due to expansion of the online and remote range of services provided since April 2020 at the start of the pandemic, overall annual engagement is still high, for example library services were accessed over 3.2 million times.

Inspire has also achieved several external accreditations and awards to validate its performance. These include Customer Service Excellence (CSE) accreditation with 8 compliance plus areas identified and MATRIX accreditation to the national Information, Advice and Guidance (IAG) standard.

Inspire is also working towards the Investors in Diversity (IID) standard, being Dementia Friendly, the Sunflower scheme and breast-feeding friendly scheme.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

CHAIRMAN'S STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

We continue, as an Arts Council England National Portfolio Organisation (NPO), to receive regular funding to develop and deliver a range of new cultural programmes for children and young people across Nottinghamshire. Due to the pandemic, the funding programme has been extended until March 2023. Inspire is committed to applying for the next NPO funding round and in meeting the Arts Council's new Let's Create strategy launched in 2020.

Our services for schools continue to support learning and music across Nottinghamshire. Inspire Music continues to support teachers and pupils in ensuring music education flourishes, providing good access to instruments and lessons. Youth Arts celebrates being 25 years old in 2022, as it continues to inspire young people to create music, dance and art.

Looking forward to next year, we will see the complete renewal of the public ICT offer, the transformation of 6 small libraries through Libraries Improvement Fund (Arts Council England and Department of Culture, Media and Sport) and County Council investment, our 16-19 study programme re-launched as the Inspire Learning College, the development of Innovation Centres in Kirkby and Sutton, the opening of a new Learning Centre at the Newark Buttermarket, and the start of the delivery of the new adult numeracy programme called Multiply.

Financially, we continue to work hard to manage our resources effectively. A deficit budget was set in 2021/2022 amounting to a possible negative outturn of £538k. However, due to a better return of income than forecast, good budget control and settlement of the Worksop insurance claim, the end of year position, excluding Pension Adjustments and before movements in funds, is a surplus of £465,078 (See Note 25). This represents an increase in restricted reserves of £187,268, an increase in the Fixed Asset Reserve of £139,257, and an increase in Unrestricted Reserves of £138,553.

Our website (www.inspireculture.org.uk) provides a comprehensive news archive, outlining all developments, projects and programmes over the last six years and is a great way of finding out more about the range of work and impact that Inspire is making.



.....
John Cottee
Chairman

Date: 27/09/2022

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The Trustees present their annual report together with the audited financial statements of the Company for the year 1 April 2021 to 31 March 2022. The Trustees confirm that the annual report and financial statements of the Society (registered society number: RS007139) comply with the Cooperative and Community Benefit Societies Act 2014, the requirements of the Society's governing document and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to entities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Objectives, Activities and Financial Review

a. Policies and objectives

Our mission is to inspire people to read, learn and enjoy culture. Our objects as a Society are:

- (a) the provision or assistance in the provision of facilities for recreation or other leisure time occupation in the interest of social welfare and with the object of improving the conditions of life for the public at large and for persons who by youth, age, infirmity or disablement poverty or social or economic circumstances may have need for such facilities;
- (b) to advance the education of people who live work or study in or who visit the area of benefit including, without limitation, through:
 - (i) the provision of advice on the services and amenities available to them in the area of benefit;
 - (ii) the provision of an archive service including the collection and preservation of documents and other records related to the area of benefit;
 - (iii) the promotion of the arts, music, reading, heritage and culture;
 - (iv) the provision or assistance in the provision of lending and reference library services either free or at reasonable charge;
 - (v) the provision or assistance in the provision of cultural resources (including but not limited to music and curriculum support) to schools and educational institutions either free or at a reasonable charge;
 - (vi) the provision and promotion of education and lifelong learning for adults and families;
 - (vii) the provision and promotion of training and skills development and schemes for young people whereby such young people may receive training for employment.

In setting its objectives above, the Trustees have given consideration to the guidance on public benefit published by the Charity Commission.

b. Review of Activities

The Society in its sixth year has adopted a new four-year forward plan. In a refined number of priorities, we have identified our focus for development in the next four years to be quality, dynamism, inclusivity and sustainability.

For detailed information about the activity of the Society, a comprehensive news archive is maintained online at www.inspireculture.ork.uk/whats-on/news/

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Objectives, Activities and Financial Review (continued)

c. Going Concern

After making appropriate enquiries and given the performance of the Society in 2021/22 and the level of reserves as at 31 March 2022, the Members have a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

d. Financial Risk Management Objectives and Policies

Inspire has a set of financial regulations approved by the main board and reviewed by the Finance and Audit Committee. The current financial regulations (which include procurement and reserve policies) can be found at <https://www.inspireculture.org.uk/about-us/governance/documentation>

A budget is set and approved by the Board in February each year, following agreement with Nottinghamshire County Council regarding the annual contract sum agreement reached by the preceding December.

An activity-based budget planning approach commences in November with budget holders, establishing where savings, costs and budget pressures are likely to emerge.

Regular monitoring is undertaken by each Budget Manager, providing updates on the forecast annual outturn. The Inspire Leadership Team reviews finance monthly to share the current organisational finance position and review levels of income and expenditure. Regular financial reports are provided to the main Board, the Finance and Audit Committee (FAC) and to the Council at quarterly contract meetings.

The Chief Executive Officer (CEO) and Chief Finance Officer (CFO) meet on a regular basis to review the current position and emerging issues. The CFO has a small team of qualified accountants and technicians to ensure good financial management.

Inspire will file its annual report and accounts under the Charities SORP to the Financial Conduct Authority (FCA). The Society is externally audited annually by the accounting firm PKF Smith Cooper Audit Limited.

The Leadership Team maintains two live logs, one covering risks for the organisation and the other covering its compliance. These are reviewed monthly. A strategic risk register is reported to the quarterly main Board meetings.

The Strategic Risk Register and Issues Log identifies key risks which Inspire faces in meeting its goals, including a relative rating score of these risks and accompanying list of management actions which the Board and the Leadership Team will take to reduce to an acceptable level.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Objectives, Activities and Financial Review (continued)

e. Principal Risks and Uncertainties

Areas of Risk and Volatility

The range of unfunded inflationary and statutory requirements are difficult to accurately forecast. Financial planning is based on reasonable assumptions around these pressures. Income from schools and from fees and charges has been under pressure for several years and is volatile to broader changes in the economy. The position in relation to ESFA funded learning is unclear, as some elements have relied on EU funding programmes. The new UK shared prosperity fund which replaces EU funding has been allocated to borough/district authorities. Submissions have been made to seek funding to maintain elements of provision currently funded through EU funding. The impact of the Covid 19 pandemic on service delivery models, income sources and customer demand are still ongoing. Since the start of 2022, the inflationary pressures on utilities and staffing have increased significantly and are causing in-year and longer-term financial strain on the Society.

Governance

A Finance and Audit Committee (FAC) was established during 2016 and has a range of delegated responsibilities from the main Board to ensure the good financial management and position of the Society. The committee supports the Chief Finance Officer in developing strong and sustainable finances, provides financial scrutiny and ensures good financial management for the organisation.

Reliance on Public Funding

Inspire acknowledges that its reliance on public funding is a challenge to its long-term sustainability as the landscape for the public finances remains very challenging. Even standstill budgets represent a real term reduction in spending power as price and wage inflation have a year-on-year impact. The contract price with the County Council is an annual negotiation.

Inspire's response is to continue to drive down costs and become more effective and efficient as we gain from the synergies and economies of scale offered by the size and reach of the range of Inspire services. Through tight financial controls and creative entrepreneurial thinking, the freedoms the Society model offers will be exploited to the full. Inspire will also negotiate with funders as it agrees contracts to ensure the financial security of the Society is not weakened.

As part of the development of a new forward plan 2022–2026, a Medium Term Financial Strategy will outline the financial horizon for the Society.

Capital investment

The County Council continues to invest in Inspire buildings and technical infrastructure. A capital programme of £2m has been agreed to replace and upgrade the Inspire wide area network and the public ICT equipment which will be completed in 2023.

Capital investment to replace the aging public mobile library fleet has been completed with the provision of two new vehicles during 2022.

In addition, minor capital works have been undertaken to improve office bases to allow for new ways of working. Sutton Bonington Library and Mansfield Central Library café have been refurbished.

Towns Fund Awards in Ashfield, Broxtowe and Newark and Sherwood will fund the improvements in Inspire facilities to expand and improve learning opportunities in Kirkby, Newark, Stapleford and Sutton.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Objectives, Activities and Financial Review (continued)

Defined Benefit Pension Scheme

The Trustees would like to draw your attention to the impact of its Defined Benefit Pension Scheme on the Society's financial position.

The Society is a member of a multi-employer Local Government Pension Scheme (LGPS) administered by Nottinghamshire County Council, which is a Defined Benefit Pension Scheme.

Under a methodology prescribed by Financial Reporting Standard 102 (FRS 102), an annual valuation of the scheme must be made. Any deficit in the scheme's assets compared with its future obligations (liabilities) must be included on the Society's Balance Sheet. Following a valuation of the scheme (under FRS102) at the 31 March 2022, a pension scheme liability of £21,461,000 has been included on the Balance Sheet as a long-term liability, based on assumptions which vary from year to year.

The FRS 102 valuation differs from the methodology adopted by the scheme's actuary. In comparison, the FRS 102 methodology results in a much higher charge to the Statement of Financial Activities. The current service cost of £2,447,000, representing the cost to the employer of benefits earned by active members calculated on an FRS 102 basis, is not the same as employer contributions paid of £907,000.

Because of the way this LGPS scheme is structured, this pension scheme liability can only be called-in in special circumstances, over which the Society has no control. As long as the Society continues to operate and has actively contributing members (i.e. employees who are current members of the scheme and for whom contributions are actively being paid into the scheme), which it has, then the scheme's liability cannot be called-in.

A triennial valuation is undertaken by the actuary and required rates of contributions are established for the short to medium term. The Directors foresee no issues in meeting employer's pension contributions for the foreseeable future and, given the level of the Society's reserves, the Directors are confident that it can meet all foreseeable calls on it by the pension scheme while meeting all our other known financial obligations.

f. Reserves Policy

Inspire has set itself the requirement to maintain at least one month's operating costs as a cash reserve total. This amounts to £850k (to provide one month's salary cover and statutory payments). Inspire's unrestricted reserves at 31 March 2022 amount to £1.4m.

It should be noted that a significant element of financial risk is held or shared with Nottinghamshire County Council covering redundancy costs, pension liabilities, major building maintenance and capital replacement of buildings, vehicles, and technical infrastructure.

g. Financial Results

The total turnover of the Society in its sixth year was £18.62m and this is split as £6.76m restricted and £11.86m unrestricted income (2021: £18.1m turnover of which £6.3m was restricted and £11.8m unrestricted).

The liquidity position of Inspire is excellent, largely due to receiving grants in advance of expenditure, as well as good debt and credit control. Deferred income (i.e. money paid to us in advance) at the end of March 2022 was £79.5k (2021: £72k).

The level of bank and cash balances at the year-end of £4.9 million represents 26.4% of income from charitable activities (2021: £4.4m, 24.4%) or 2.92 months (2021: 3.11 months) of average expenditure.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Objectives, Activities and Financial Review (continued)

h. Principal Funding

Most funding for Inspire services comes from public funding. Nottinghamshire County Council is the main funder for Libraries, Archives, Culture and Records Management services. The County Council also provides several bought back services, which Inspire pays for (HR, ICT etc.) and provides for major property costs, pension liabilities and any future redundancy costs if initiated by reductions in its funding or grant funding.

The Education and Skills Funding Agency (ESFA) and the Arts Council England (ACE) through various channels fund specific areas of service delivery, some through grant and some in a formula funding method relating to recruitment and retention of learners.

The Education Library Service and the Instrumental and Music Teaching Service are both reliant on income from schools and parents.

Income from non-school services-based fees, charges and sales is around £340k (2021: £214k) and will be a focus of future growth and development, as will grant seeking, sponsorships, donations and commercial developments.

Inspire has established robust budget monitoring and reporting systems to ensure close management of financial risk is enabled. The cash flow position is extremely strong, as funding payments are often made in advance and delayed expenditure during the early months of operation have a positive impact.

The Finance and Audit Committee (FAC) regularly meets to ensure the financial health and good management of the Society is undertaken. The committee also reviews procurement, financial regulations and appointment of external auditors periodically.

i. Fundraising

Inspire has no commercial fundraising arrangements in place. It does, however, generate income through the hire of its rooms in libraries to local communities.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Structure, governance and management

a. Constitution

The Society was registered on 15 June 2015. Trading activity commenced on 1 April 2016.

Inspire - Culture, Learning and Libraries (Midlands) is a not-for-profit Community Benefit Society registered with the Financial Conduct Authority (FCA), with charitable status. The Society has a contract with Nottinghamshire County Council (NCC) to deliver a range of cultural, learning and library services and a contract with Arts Council England (ACE) to host the Nottinghamshire Music Hub and deliver the Music Education Plan. The second five-year contract with Nottinghamshire County Council commenced on 1st April 2021. Inspire also became a National Portfolio Organisation (NPO) in April 2018 to deliver a range of arts and cultural programmes. The County Council delivers its statutory library duty and legal archive obligations through its contract with Inspire.

Inspire is a membership organisation. All 702 staff as at 31st March 2022 (697 as at 31st March 2021) are members and currently there are over 75,311 public members. Public members are members of the public (mainly service users) who register as a member. The Society is governed by an independent board of elected, nominated and co-opted directors.

The 12-member Board of trustees is made up of:

Staff Director – elected by staff members
Community Directors (4) – elected by the whole membership
County Council (2) nominated Directors
Co Opted Directors (4)
The Chief Executive Officer

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Structure, governance and management (continued)

b. Methods of appointment or election of Trustees

The following trustees have been appointed:

- John Cottee, Chair, nominated by Nottinghamshire County Council (appointed 19 April 2016)
- Liz Guildford, Staff elected (appointed 20 September 2018)
- Peter Gaw, CEO & Librarian (appointed 15 June 2015)
- Glynn Gilfoyle, nominated by Nottinghamshire County Council (appointed 27 June 2017)
- Carol Hanley, Community (appointed 17 October 2019)
- John Hess, Community (appointed 12 October 2016)
- Jackie Hewlett-Davies, Community (appointed 13 October 2021)
- Liz Howell, Vice Chair, Co-opted (appointed 13 September 2016)
- Margot Madin, Co-opted (appointed 16 April 2020)
- Peter Ware, Co-opted (appointed 27 June 2017)

Committees have been established to develop the work of the Society; Finance and Audit, Staffing and Standards, Development, Learning and Skills and, Music, Culture and Heritage.

The Chief Executive Officer (CEO) has delegated powers from the main Board to operationally manage the work of the Society. The CEO is supported by a Leadership Team consisting of an Assistant CEO, a Chief Finance Officer, Director of Culture and Director of Learning.

For information about the organisation, its constitution and Board, please visit [www.inspireculture.org.uk/about us](http://www.inspireculture.org.uk/about-us)

All members of the Board have participated in several induction and development activities. Further development will be undertaken during the coming year.

The Board of Directors may at its discretion admit to membership any individual, corporate body or nominee of an unincorporated body, firm or partnership who supports the objects of the Society and has paid or agreed to pay any subscription or other sum due in respect of membership for the time being in force.

All those wishing to become a shareholding Member must support the objects of the Society and complete an application for membership which shall include an application for at least one share in the Society. Such an application form must be approved by the Directors and the Directors must approve each application for a shareholding membership.

c. Pay Policy for Senior Staff

All Inspire posts are linked to a grading scheme, nationally recognised by local government. All posts are evaluated against either the National Job Evaluation (NJE) Scheme or the HAY Evaluation Scheme. This evaluation includes senior staff. Job evaluation services are provided by an external organisation.

d. Risk management

The Members have assessed the major risks to which the Society is exposed, in particular those related to the operations and finances of the Society and are satisfied those systems and procedures have been established to manage those risks.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Plans for future periods

Future Developments

The Inspire budget for 2022/2023 has been set drawing a contribution from reserves of £703,453. £363k of this will support one-off costs to bring ICT services in-house, account for reduced income recovery due to Covid and invest to save projects.

We have 4 priorities for development over the next four years for Inspire. These are:

1. Dynamic Inspire – agile in adapting to change, use of technology and responsive to new opportunities
2. Inclusive Inspire – reflecting diversity and local communities in our offer and programmes
3. Quality Assured Inspire – reliable, trusted, ambitious and improving
4. Sustainable Inspire – reduce environmental impact and become more financially sustainable.

Engagement with Employees and Equalities

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Society carries out exit interviews for all staff leaving the organisation and has various methods for staff to feedback to the Leadership Team.

The Society has a set of detailed policies in relation to all aspects of personnel matters including equalities, volunteering and health and safety. There is a review programme in place.

In accordance with the Society's Equalities Policy, the Society has long-established fair employment practices in the recruitment, selection, retention and training of staff. Our Equalities Policy states Inspire's commitment to the principles of the Equality Act 2010. This commitment is delivered through our recruitment and selection policy, performance management policy and business plans. Additional guidance is provided to managers to support them in the fair application of Inspire's policies.

Inspire is currently working towards accreditation to Investors in Diversity.

Recruitment and Selection Policy Extract:

3.5 The organisation is committed to applying its Equality Policy at all stages of recruitment and selection. Shortlisting, interviewing and selection will always be carried out without regard to disability, gender, gender reassignment, sexual orientation, marital or civil partnership status, colour, race, nationality, ethnic or national origins, religion or belief, age, pregnancy and maternity or trade union membership.

3.6 Reasonable adjustments to the recruitment process will be made to ensure that no applicant is disadvantaged because of his/her disability.

Performance Management Policy Extract:

3.3 Managers are required to reasonably consider the performance issues and the action taken to address them before formal action is instigated. Employees will be given every opportunity and all appropriate support to improve. Early intervention by managers will include:

- clarifying the required standards identifying areas of concern;
- establishing the likely causes of poor performance (having regard to the possibility of making reasonable adjustments if the employee has a disability) and identify any training needs;
- setting targets for improvement and a timescale for review.

Full details of these policies are available from the Society's offices.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Statement of Trustees' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

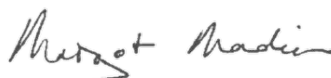
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the Society's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

Auditors

The auditors, PKF Smith Cooper Audit Limited, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:



.....
Margot Madin
Trustee and Chair of Audit and Finance Committee



.....
Peter Gaw
Trustee and CEO

Date: 27/09/2022

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

Opinion

We have audited the financial statements of Culture, Learning and Libraries (Midlands) (the Society) for the year ended 31 March 2022 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 March 2022 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 Co-operative and Community Benefit Societies Act 2014.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CULTURE, LEARNING AND LIBRARIES (MIDLANDS) (CONTINUED)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Society 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 Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the Society has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the financial statements are not in agreement with the Society's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Society'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 Society or to cease operations, or have no realistic alternative but to do so.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CULTURE, LEARNING AND LIBRARIES (MIDLANDS) (CONTINUED)

Auditors' 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 Auditors' 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. Based on our understanding of the Society and industry, we identify the key laws and regulations affecting the Society. 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:

We identified that the principal risk of fraud or non-compliance with laws and regulations related to:

- management bias in respect of accounting estimates and judgements made;
- management override of control;
- posting of unusual journals or transactions.

We focussed on those areas that could give rise to a material misstatement in the Society's financial statements. Our procedures included, but were not limited to:

- enquiry of management and those charged with governance around actual and potential litigation and claims, including instances of non-compliance with laws and regulations and fraud;
- reviewing minutes of meetings of those charged with governance where available;
- reviewing legal expenditure in the year to identify instances of non-compliance with laws and regulations and fraud;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

It is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CULTURE, LEARNING AND LIBRARIES (MIDLANDS) (CONTINUED)

Use of our report

This report is made solely to the Society's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an Auditors' 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 Society's members for our audit work, for this report, or for the opinions we have formed.



Sarah Flear (Senior statutory auditor)

for and on behalf of

PKF Smith Cooper Audit Limited

Statutory Auditors

2 Lace Market Square

Nottingham

NG1 1PB

Date: 27 September 2022

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed assets 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:						
Donations and legacies	3	-	150	-	150	8,795
Charitable activities	4	11,839,041	6,756,401	-	18,595,442	18,139,852
Trading activities	5	21,250	-	-	21,250	1,009
Total income		11,860,291	6,756,551	-	18,616,842	18,149,656
Expenditure on:						
Trading activities		10,119	-	-	10,119	995
Charitable activities	6	12,776,355	6,481,097	931,193	20,188,645	17,118,020
Total expenditure		12,786,474	6,481,097	931,193	20,198,764	17,119,015
Net (expenditure)/income		(926,183)	275,454	(931,193)	(1,581,922)	1,030,641
Transfers between funds	17	(982,264)	(88,186)	1,070,450	-	-
Net movement in funds before other recognised gains/(losses)		(1,908,447)	187,268	139,257	(1,581,922)	1,030,641
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	23	5,471,000	-	-	5,471,000	(8,703,000)
Net movement in funds		3,562,553	187,268	139,257	3,889,078	(7,672,359)
Reconciliation of funds:						
Total funds brought forward		(23,605,914)	2,117,760	2,351,319	(19,136,835)	(11,464,476)
Net movement in funds		3,562,553	187,268	139,257	3,889,078	(7,672,359)
Total funds carried forward		(20,043,361)	2,305,028	2,490,576	(15,247,757)	(19,136,835)

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 20 to 43 form part of these financial statements.

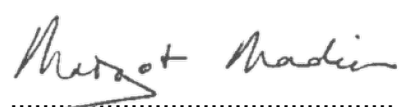
**CULTURE, LEARNING AND LIBRARIES (MIDLANDS)
REGISTERED NUMBER:**

**BALANCE SHEET
AS AT 31 MARCH 2022**

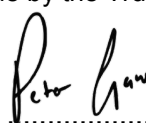
	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	2,490,576	2,351,319
Current assets			
Debtors	14	913,930	460,518
Cash at bank and in hand		4,907,307	4,436,520
		5,821,237	4,897,038
Creditors: amounts falling due within one year	15	(2,098,570)	(1,500,192)
Net current assets		3,722,667	3,396,846
Total assets less current liabilities		6,213,243	5,748,165
Defined benefit pension scheme liability	23	(21,461,000)	(24,885,000)
Total net assets		(15,247,757)	(19,136,835)
Society funds			
Restricted funds:			
Restricted funds	17	2,305,028	2,117,760
Restricted fixed asset funds	17	2,490,576	2,351,319
Total restricted funds	17	4,795,604	4,469,079
Unrestricted funds			
Unrestricted funds excluding pension liability	17	1,417,639	1,279,086
Pension reserve	17	(21,461,000)	(24,885,000)
Total unrestricted funds	17	(20,043,361)	(23,605,914)
Total funds		(15,247,757)	(19,136,835)

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



.....
Margot Madin
Trustee and Chair of Audit and Finance Committee
Date: 27/09/2022



.....
Peter Gaw
Trustee and CEO

The notes on pages 20 to 43 form part of these financial statements.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

	2022 £	2021 £
Cash flows from operating activities		
Net cash used in operating activities (Note 20)	1,541,239	3,154,798
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,070,452)	(985,750)
	<hr/>	<hr/>
Net cash used in investing	(1,070,452)	(985,750)
	<hr/>	<hr/>
Change in cash and cash equivalents in the year	470,787	2,169,048
Cash and cash equivalents at the beginning of the year	4,436,520	2,267,472
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	4,907,307	4,436,520
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 20 to 43 form part of these financial statements

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. General information

Culture, Learning and Libraries (Midlands) is a UK Society incorporated under the Co-operative and Communities Benefits Act 2014 and is registered on the Mutuals Public Register by the FCA. The address of the registered office is given in the company information page of these financial statements. The society's registered number is RS007139.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Co-operative and Communities Benefits Act 2014.

Culture, Learning and Libraries (Midlands) constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling which is the functional currency of the society and are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts.

On the commencement date of the Service Agreement with Nottinghamshire County Council (NCC), a consideration of £1 was payable by the Society for all equipment, furniture, fixtures and fittings, including but not limited to library books stock, musical instruments and shelving, on the site of the properties or used for the provision of the services. Legal title transferred to the Society at that date. In order to recognise the donation, for a value other than £1, a reliable value needs to be made for recognition to be permissible under the Charity SORP. Following appropriate review it was deemed impractical to measure the value of the donation reliably with sufficient material certainty and therefore the value of the donation was recognised at £1 in the year ended 31 March 2017.

The significant accounting policies which have been applied in the preparation of these financial statements are set out below.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.2 Income

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

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

For legacies, entitlement is taken as the earlier of the date on which either: the Society is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Society has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Society, or the Society is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the Society where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Where the donated good is a fixed asset, it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset class and depreciated over the useful economic life in accordance with the Society's accounting policies.

Donated services or facilities are recognised when the Society has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the Society of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and facilities are recognised on the basis of the value of the gift to the Society which is the amount it would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

2.3 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity.

Expenditure on trading activities includes all expenditure incurred by the Society on non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Society's objectives, as well as any associated support costs.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.3 Expenditure (continued)

All expenditure is inclusive of irrecoverable VAT.

2.4 Taxation

The Society 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 Society 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.

2.5 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Property improvements	- 5 years straight line
Specialist equipment	- 5 years straight line
Fixtures and fittings	- 5 years straight line
Office equipment	- 3 years straight line
Books	- 7 years straight line

In preparing the financial statements the Trustees have concluded that it is more appropriate to depreciate the fixed assets over their expected useful economic life, for which in some cases this extends beyond the current core contract with Nottinghamshire County Council (NCC) to supply certain services. At the termination of the contract the assets are required to be transferred to any new provider of the services or to NCC for £1. This decision has been made on the basis that this more appropriately reflects the value of the assets to the Society, otherwise they would be written down over an artificially shorter period of time, particularly if the core contract is extended beyond the current agreed term. If the contract were to be terminated, a gift of the fixed asset of £1 would then be made at that time and the financial statements adjusted accordingly. In order to ensure transparency in reporting, the fixed assets are reported through a separate fund.

2.6 Debtors

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

2.7 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.8 Creditors and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Society anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation.

2.9 Financial instruments

The Society 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 their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.10 Pensions

Retirement benefits to employees of the society are provided by a defined contribution scheme and two defined benefit pensions schemes: the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the society.

For the defined contribution pension scheme, the pension charge represents the amounts payable by the society to the fund in respect of the year.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of the pensions over the employees' working lives with the society in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they related.

The LGPS is a defined benefit funded scheme and the assets are held separately from those of the society in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs as incurred. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest costs on the defined benefit obligation and interest income on scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised in other recognised gains and losses.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.11 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Society and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Society for particular purposes. The costs 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.

2.12 Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Society makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 March 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 March 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

An estimation of the level of disposals of books purchased has been made in order to determine a value to be accounted for within the financial statements. Due to the volume of books and the number of locations and the fact that books are taken out of the libraries, certain estimations have been made regarding the number of books no longer physically in existence.

2.13 Irrecoverable VAT

The Society is registered for VAT, however due to the mixed nature of the supplies it makes, it has irrecoverable VAT arising due to partial exemption which is included in resources expended.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

3. Income from donations and legacies

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Donations	-	150	150	8,795
<i>Total 2021</i>	<i>8,555</i>	<i>240</i>	<i>8,795</i>	

4. Income from charitable activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Learning	-	5,313,562	5,313,562
Music Hub	-	1,101,538	1,101,538
Inspire Youth Arts	-	3,687	3,687
Arts Council - NPO	-	258,036	258,036
Cultural Education Partnership	-	35,000	35,000
Arts Council - I Am A Reader	-	20,145	20,145
Historic England	-	24,433	24,433
All other services	10,521,175	-	10,521,175
Education Library Services	528,397	-	528,397
Instrumental Music Provision	789,469	-	789,469
	11,839,041	6,756,401	18,595,442

Income from charitable activities for 2021 consisted of £11,828,621 of unrestricted income and £6,311,231 of restricted income.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

5. Trading activities

Income from non charitable trading activities

	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Trading income	21,250	21,250	1,009
<i>Total 2021</i>	<u>1,009</u>	<u>1,009</u>	

6. Analysis of expenditure on charitable activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Provision of services	12,776,355	7,412,290	20,188,645	17,118,020
<i>Total 2021</i>	<u>16,413,355</u>	<u>704,665</u>	<u>17,118,020</u>	

7. Analysis of expenditure by activities

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £
Provision of services	19,331,740	856,905	20,188,645

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

7. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Provision of services 2022 £	Total funds 2022 £
Adult education	852,662	852,662
Depreciation	738,028	738,028
Agency and other staff	66,386	66,386
Bank charges and interest	5,665	5,665
Books and equipment	572,376	572,376
Computer and systems	541,975	541,975
Design and print	332,740	332,740
External contractors	14,808	14,808
Irrecoverable VAT	237,590	237,590
Event costs	572,939	572,939
Loss on disposal of fixed assets	166,388	166,388
Office and administration	188,526	188,526
Premises costs	1,280,473	1,280,473
Staff costs	12,710,042	12,710,042
Other costs	58,789	58,789
Other staff costs	92,252	92,252
Vehicle and travel	225,521	225,521
Net interest on pension obligation	488,000	488,000
Legal and professional	186,580	186,580
	<hr/> <hr/>	<hr/> <hr/>
	19,331,740	19,331,740

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Provision of services 2022 £	Total funds 2022 £
Staff costs	352,320	352,320
Depreciation	26,777	26,777
Bank charges and interest	3,240	3,240
Premises costs	200,100	200,100
Governance	28,570	28,570
Vehicle and travel	10,424	10,424
Office and administration	17,339	17,339
Computer and systems	156,112	156,112
Legal and professional	55,968	55,968
Design and print	6,055	6,055
	856,905	856,905
	856,905	856,905

Support costs have been allocated to certain service areas to ensure that the full cost of these service areas are recognised and any resulting reserves are treated correctly. Where appropriate and possible, expenditure has been allocated directly to service areas. Where items of expenditure contribute directly to the output of more than one service area, they have been apportioned on a reasonable, justifiable and consistent basis either by usage, per capita or on the basis of time, depending on the cost involved.

In 2021, support costs were not separately allocated and disclosed as the Trustees believed that they were immaterial to the financial statements.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

8. Direct and support costs analysis by fund

	Direct costs	Allocated support costs	Total costs
	£	£	£
Restricted			
Learning	4,460,263	626,779	5,087,042
Music Hub	1,026,008	64,638	1,090,646
Inspire Youth Arts	13,925	-	13,925
Arts Council - NPO	216,712	-	216,712
Cultural Education Partnership	29,280	-	29,280
Arts Council - I Am A Reader	2,792	-	2,792
The Reading Agency - Reading Friends	6,500	-	6,500
Historic England	26,117	-	26,117
Donations & Legaices	8,083	-	8,083
Restricted fixed assets	931,193	-	931,193
	<hr/>	<hr/>	<hr/>
	6,720,873	691,417	7,412,290
Unrestricted			
Education Library Services	342,019	107,530	449,549
Instrumental Music Provision	622,210	38,147	660,357
All other services	9,599,638	19,811	9,619,449
LGPS pension costs	2,047,000	-	2,047,000
	<hr/>	<hr/>	<hr/>
	12,610,867	165,488	12,776,355
Total 2022	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	19,331,740	856,905	20,188,645

9. Auditors' remuneration

	2022 £	2021 £
Fees payable to the Society's auditor for the audit of the Society's annual accounts	16,600	15,850
Fees payable to the Society's auditor in respect of:		
Audit related assurance services	1,100	1,050
Preparation of the annual accounts	1,995	-
	<hr/> <hr/>	<hr/> <hr/>

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

10. Staff costs

	2022	2021
	£	£
Wages and salaries	9,481,666	8,880,434
Social security costs	691,354	643,691
Contribution to defined contribution pension schemes	442,342	400,572
Operating costs of defined benefit pension schemes	2,447,000	1,876,000
	<u>13,062,362</u>	<u>11,800,697</u>

The number of hours of time donated by general volunteers during the year is approximately 6,823 (2021: 1,181). This has an approximate value of £69,526 to the Society (2021: £11,586).

During the year contractual redundancy payments of £5,760 (2021: £12,398) were made to employees. These costs are reimbursed by Nottinghamshire County Council.

The average number of persons employed by the Society during the year was as follows:

	2022	2021
	No.	No.
Staff	691	693
Senior management	4	4
	<u>695</u>	<u>697</u>

The average headcount expressed as full-time equivalents was:

	2022	2021
	No.	No.
Staff	340	327
Senior management	4	4
	<u>344</u>	<u>331</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2022	2021
	No.	No.
In the band £70,001 - £80,000	1	1

The remuneration of key management personnel during the year totalled £290,507 (2021: £269,918) for short term employment benefits and £39,548 (2021: £38,042) for post-employment benefits. During the year retirement benefits were accruing to 5 (2021: 4) key management personnel, of which 1 (2021: 1) is a higher paid employee.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

11. Trustees' remuneration and expenses

Trustees remuneration was received in their capacity as employees of the society and not in respect of services as Trustees.

		2022	<i>2021</i>
		£	£
P. Gaw, Chief Executive	Remuneration	82,210	77,939
	Pension contributions paid	14,688	14,140
	Employers NI	10,082	9,557
L. Guilford	Remuneration	38,553	37,877
	Pension contributions paid	6,901	6,780
	Employers NI	4,079	4,015

During the year ended 31 March 2022, no expenses have been reimbursed or paid to Trustees (2021: £Nil).

During the year benefits were received by 2 Trustees (2021: 2) with a total value of £71 (2021: £14).

12. Interest payable

	2022	<i>2021</i>
	£	£
Net interest on defined benefit pension liability	488,000	339,000

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

13. Tangible fixed assets

	Property improvement £	Specialist equipment £	Fixtures and fittings £	Office equipment £	Books £	Total £
Cost or valuation						
At 1 April 2021	57,754	89,358	250,519	299,673	3,497,415	4,194,719
Additions	44,508	6,204	30,919	200,042	788,779	1,070,452
Disposals	-	-	-	-	(325,355)	(325,355)
At 31 March 2022	<u>102,262</u>	<u>95,562</u>	<u>281,438</u>	<u>499,715</u>	<u>3,960,839</u>	<u>4,939,816</u>
Depreciation						
At 1 April 2021	14,666	70,475	44,812	215,646	1,497,802	1,843,401
Charge for the year	15,594	12,671	54,106	62,711	619,723	764,805
On disposals	-	-	-	-	(158,966)	(158,966)
At 31 March 2022	<u>30,260</u>	<u>83,146</u>	<u>98,918</u>	<u>278,357</u>	<u>1,958,559</u>	<u>2,449,240</u>
Net book value						
At 31 March 2022	<u><u>72,002</u></u>	<u><u>12,416</u></u>	<u><u>182,520</u></u>	<u><u>221,358</u></u>	<u><u>2,002,280</u></u>	<u><u>2,490,576</u></u>
At 31 March 2021	<u><u>43,088</u></u>	<u><u>18,883</u></u>	<u><u>205,707</u></u>	<u><u>84,027</u></u>	<u><u>1,999,613</u></u>	<u><u>2,351,318</u></u>

14. Debtors

	2022 £	2021 £
Due within one year		
Trade debtors	451,835	228,551
Other debtors	203	33,008
Prepayments and accrued income	461,892	198,959
	<u>913,930</u>	<u>460,518</u>

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

15. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Trade creditors	683,660	342,865
Other taxation and social security	562,606	504,616
Other creditors	157,738	168,911
Accruals and deferred income	694,566	483,800
	<u>2,098,570</u>	<u>1,500,192</u>
	<u><u>2,098,570</u></u>	<u><u>1,500,192</u></u>

16. Accruals and deferred income

	2022	2021
	£	£
Deferred income at 1 April 2021	72,074	121,706
Resources deferred during the year	79,543	72,074
Amounts released from previous periods	(72,074)	(121,706)
Deferred income at 31 March 2022	<u>79,543</u>	<u>72,074</u>
	<u><u>79,543</u></u>	<u><u>72,074</u></u>

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

17. Statement of funds

Statement of funds - current year

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2022 £
Unrestricted funds						
Charitable activities	1,186,448	11,839,040	(10,729,355)	(982,264)	-	1,313,869
Trading	92,638	21,251	(10,119)	-	-	103,770
Pension reserve	(24,885,000)	-	(2,047,000)	-	5,471,000	(21,461,000)
	<u>(23,605,914)</u>	<u>11,860,291</u>	<u>(12,786,474)</u>	<u>(982,264)</u>	<u>5,471,000</u>	<u>(20,043,361)</u>
Restricted funds						
Learning	1,388,443	5,313,562	(5,087,041)	(77,032)	-	1,537,932
Music Hub	366,377	1,101,538	(1,090,647)	(10,153)	-	367,115
Inspire Youth Arts	13,925	3,687	(13,925)	-	-	3,687
Arts Council - NPO	158,900	258,036	(216,712)	(1,001)	-	199,223
Cultural Education Partnership	5,749	35,000	(29,280)	-	-	11,469
Arts Council - I Am A Reader	-	20,145	(2,792)	-	-	17,353
The Reading Agency - Reading Friends	6,500	-	(6,500)	-	-	-
Historic England	1,684	24,433	(26,117)	-	-	-
The National Archives - New Burdens	158,488	-	-	-	-	158,488
Donations & Legacies	17,694	150	(8,083)	-	-	9,761
	<u>2,117,760</u>	<u>6,756,551</u>	<u>(6,481,097)</u>	<u>(88,186)</u>	<u>-</u>	<u>2,305,028</u>
Restricted fixed asset funds						
Acquisition of fixed assets	2,351,319	-	(931,193)	1,070,450	-	2,490,576
Total Restricted funds	<u>4,469,079</u>	<u>6,756,551</u>	<u>(7,412,290)</u>	<u>982,264</u>	<u>-</u>	<u>4,795,604</u>
Total of funds	<u><u>(19,136,835)</u></u>	<u><u>18,616,842</u></u>	<u><u>(20,198,764)</u></u>	<u><u>-</u></u>	<u><u>5,471,000</u></u>	<u><u>(15,247,757)</u></u>

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

17. Statement of funds (continued)

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

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objectives of the society at the discretion of the Trustees.

Restricted fixed asset funds are resources which have been spent on specific fixed assets and are not able to be used for any other purpose.

Restricted Funds comprise of the following:

The Learning fund includes income from the Education and Skills Funding Agency towards Inspire's Young People's Study programme and Adult Learning programmes.

The Music Hub fund includes income from the Department of Education towards Inspire's Music Education Hub programme.

The Inspire Youth Arts fund includes income from Nottinghamshire County Council's Local Improvement Scheme to improve access into and within Inspire Youth Arts' base, The Old Library in Mansfield.

The Arts Council National Portfolio Organisation fund supports Inspire's programme of cultural events for children and young people.

The Local Cultural Education Partnership fund includes income from the Arts Council and The Mighty Creatives towards the improvement and alignment of cultural education for young people.

The Arts Council grant-funded I Am A Reader fund supports a project to explore and celebrate the creativity of reading.

The Reading Agency fund (developed with funding from The National Lottery Community Fund) supports Inspire's Reading Friends programme, tackling loneliness through the power of reading.

The Historic England fund includes income from Newark & Sherwood District Council towards the creation of a cultural programme for Newark Town Centre.

The National Archives New Burdens fund develops capacity within Nottinghamshire Archives to manage and provide access to increased deposits of public records.

Donations & Legacies include funds gifted to Inspire towards specific purchases.

Included within restricted funds is £2 of share capital. This represents the shares that were issued on the foundation of the Society. There are currently 2 member shares in issue, which are fully paid. No significant rights are attached to these shares. The members' liability is limited to the value of their shareholding.

As at the year end, the Society had 73,661 (2021: 69,961) members made up of members of the public. Those members have no rights beyond attending and voting on specific matters at general meetings. Whilst the rules of the Society determine that £1 should be paid to be a member of the Society, in practice, payment is neither requested nor made. Therefore, the unpaid share capital and the corresponding amount due from members, is not recognised in the financial statements.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

17. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2020</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 March 2021</i>
	£	£	£	£	£	£
Unrestricted funds						
Charitable activities	(289,624)	11,837,176	(9,375,354)	(985,750)	-	1,186,448
Trading	92,624	1,009	(995)	-	-	92,638
Pension reserve	(14,894,000)	-	(1,288,000)	-	(8,703,000)	(24,885,000)
	<u>(15,091,000)</u>	<u>11,838,185</u>	<u>(10,664,349)</u>	<u>(985,750)</u>	<u>(8,703,000)</u>	<u>(23,605,914)</u>
Restricted funds						
Charitable activities	1,538,837	6,311,231	(5,750,002)	-	-	2,100,066
Donations & Legacies	17,454	240	-	-	-	17,694
	<u>1,556,291</u>	<u>6,311,471</u>	<u>(5,750,002)</u>	<u>-</u>	<u>-</u>	<u>2,117,760</u>
Restricted fixed asset funds						
Acquisition of fixed assets	2,070,233	-	(704,664)	985,750	-	2,351,319
	<u>3,626,524</u>	<u>6,311,471</u>	<u>(6,454,666)</u>	<u>985,750</u>	<u>-</u>	<u>4,469,079</u>
Total Restricted funds	<u>3,626,524</u>	<u>6,311,471</u>	<u>(6,454,666)</u>	<u>985,750</u>	<u>-</u>	<u>4,469,079</u>
Total of funds	<u><u>(11,464,476)</u></u>	<u><u>18,149,656</u></u>	<u><u>(17,119,015)</u></u>	<u><u>-</u></u>	<u><u>(8,703,000)</u></u>	<u><u>(19,136,835)</u></u>

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

18. Summary of funds

Summary of funds - current year

	Balance at 1 April 2021	Income	Expenditure	Transfers in/out	Gains/ (Losses)	Balance at 31 March 2022
	£	£	£	£	£	£
Unrestricted funds	(23,605,914)	11,860,291	(12,786,474)	(982,264)	5,471,000	(20,043,361)
Restricted funds	2,117,760	6,756,551	(6,481,097)	(88,186)	-	2,305,028
Restricted fixed asset funds	2,351,319	-	(931,193)	1,070,450	-	2,490,576
	<u>(19,136,835)</u>	<u>18,616,842</u>	<u>(20,198,764)</u>	<u>-</u>	<u>5,471,000</u>	<u>(15,247,757)</u>

Summary of funds - prior year

	<i>Balance at 1 April 2020</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 March 2021</i>
	£	£	£	£	£	£
Unrestricted funds	(15,091,000)	11,838,185	(10,664,349)	(985,750)	(8,703,000)	(23,605,914)
Restricted funds	1,556,291	6,311,471	(5,750,002)	-	-	2,117,760
Restricted fixed asset funds	2,070,233	-	(704,664)	985,750	-	2,351,319
	<u>(11,464,476)</u>	<u>18,149,656</u>	<u>(17,119,015)</u>	<u>-</u>	<u>(8,703,000)</u>	<u>(19,136,835)</u>

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022	Restricted funds 2022	Restricted fixed asset funds 2022	Total funds 2022
	£	£	£	£
Tangible fixed assets	-	-	2,490,576	2,490,576
Current assets	3,485,624	2,335,613	-	5,821,237
Creditors due within one year	(2,067,985)	(30,585)	-	(2,098,570)
Provisions for liabilities and charges	(21,461,000)	-	-	(21,461,000)
Total	<u>(20,043,361)</u>	<u>2,305,028</u>	<u>2,490,576</u>	<u>(15,247,757)</u>

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Restricted fixed asset funds 2021 £</i>	<i>Total funds 2021 £</i>
Tangible fixed assets	-	-	2,351,318	2,351,318
Current assets	2,779,278	2,117,760	-	4,897,038
Creditors due within one year	(1,500,192)	-	-	(1,500,192)
Provisions for liabilities and charges	(24,885,000)	-	-	(24,885,000)
Total	<u>(23,605,914)</u>	<u>2,117,760</u>	<u>2,351,318</u>	<u>(19,136,836)</u>

20. Reconciliation of net movement in funds to net cash flow from operating activities

	2022 £	2021 £
Net income/expenditure for the year (as per Statement of Financial Activities)	<u>(1,581,922)</u>	<u>1,030,641</u>
Adjustments for:		
Depreciation charges	764,805	624,817
FRS 102 pension adjustment	2,047,000	1,288,000
Loss on the disposal of fixed assets	166,388	79,847
Decrease/(increase) in debtors	(453,411)	379,503
(Decrease)/increase in creditors	598,379	(248,013)
Net cash provided by operating activities	<u><u>1,541,239</u></u>	<u><u>3,154,795</u></u>

21. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash in hand	<u><u>4,907,307</u></u>	<u><u>4,436,520</u></u>

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

22. Analysis of changes in net debt

	At 1 April 2021	Cash flows	At 31 March 2022
	£	£	£
Cash at bank and in hand	<u>4,436,520</u>	<u>470,787</u>	<u>4,907,307</u>

23. Pension commitments

The Society's employees belong to three pension schemes: the People's Pension, a defined contribution scheme, and two defined benefit pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Nottinghamshire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest full actuarial valuation of the TPS related to the period ended 31 March 2019 and of the LGPS related to the period ended 31 March 2022.

Contributions amounting to £157,738 were payable to the Society's pension schemes at 31 March 2022 (2021: £153,915) and are included within other creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers and, from 1 January 2007, automatic for Teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- Employer contribution rates set at 23.6% of pensionable pay, including a 0.08% employer administration charge;
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million;

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

23. Pension commitments (continued)

- An employer cost cap of 7.3% of pensionable pay will be applied to future valuations;
- The assumed real rate of return is 2% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

The TPS valuation for 2016 determined an employer rate of 23.6%, which was payable from September 2019. The next valuation of the TPS is currently underway based on April 2020 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2024.

The employer's pension costs paid to TPS in the period amounted to £205,243 (2021: £212,103).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The Society has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Society has set out above the information available on the scheme.

Local Government Pension Scheme

The Society participates within the Local Government Pension Scheme (LGPS), which is a multi-employer funded defined benefit plan of qualifying employees. The pension scheme assets are held in separate trustee administered funds to meet the long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interests of the fund's beneficiaries, which includes management of risks and appropriate investment of the scheme assets to generate returns. The appointment of trustees to the fund is determined by the scheme's governing documents and are completely independent from the Society.

The scheme exposes the Society to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk. The Society participates in the Grouped Admission Bodies pool with other employers in order to share experience of risks they are exposed to in the Fund. The last triennial actuarial valuation of the fund was performed by an independent actuary for the trustees of the scheme and was carried out as at 31 March 2019. The deficit for the whole pool was calculated and allocated to each employer in proportion to their value of liabilities. Each employer within the pool pays a contribution rate based on the cost of benefits of the combined membership of the pool. The Society's contribution rate was set at 17.9% plus £12,840 annual contribution towards the current deficit. The duration of the Society's past service liabilities is estimated to be 24 years. The deficit position will be reviewed at the next triennial valuation which is due to be completed as at 31 March 2022.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	At 31 March 2022	<i>At 31 March 2021</i>
	%	<i>%</i>
Discount rate	2.6	<i>2.0</i>
Future salary increases	4.2	<i>3.8</i>
Future pension increases	3.2	<i>2.8</i>
Inflation assumption (CPI)	2.85	<i>2.45</i>
Inflation assumption (RPI)	3.2	<i>2.80</i>

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

23. Pension commitments (continued)

A sensitivity analysis showing how the measurement of scheme liabilities would have been affected by changes in the relevant assumptions that were reasonably possible at the balance sheet date are as follows:

Sensitivity analysis

	At 31 March 2022	<i>At 31 March 2021</i>
	£	£
Discount rate +0.1%	58,385,000	58,176,000
Discount rate -0.1%	61,122,000	60,919,000
Long term salary increases +0.1%	59,959,000	59,764,000
Long term salary increases -0.1%	59,516,000	59,299,000
Future pension increases +0.1%	60,890,000	60,674,000
Long term salary increases -0.1%	58,612,000	58,417,000
	<hr/> <hr/>	<hr/> <hr/>

The Society's share of the assets in the scheme was:

	At 31 March 2022	<i>At 31 March 2021</i>
	£	£
Equities	23,188,000	22,074,000
Gilts	1,127,000	1,226,000
Corporate bonds	2,610,000	2,590,000
Property	4,918,000	3,675,000
Cash	2,142,000	1,852,000
Other	4,291,000	3,229,000
	<hr/> <hr/>	<hr/> <hr/>
Total fair value of assets	38,276,000	34,646,000

The actual return on scheme assets was £3,268,000 (2021 - £6,116,000).

The amounts recognised in the Statement of financial activities are as follows:

	2022	<i>2021</i>
	£	£
Current service cost	2,447,000	(1,876,000)
Interest cost	(488,000)	(339,000)
Administrative expenses	(19,000)	(12,000)
	<hr/> <hr/>	<hr/> <hr/>
Total amount recognised in the Statement of financial activities	1,940,000	(2,227,000)

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

23. Pension commitments (continued)

Movements in the present value of the defined benefit obligation were as follows:

	2022 £
Opening defined benefit obligation	59,531,000
Current service cost	2,447,000
Contributions by scheme participants	313,000
Actuarial (gains)/losses	(2,900,000)
Benefits paid	(839,000)
Interest cost	1,185,000
Closing defined benefit obligation	59,737,000

Movements in the fair value of the Society's share of scheme assets were as follows:

	2022 £
Opening fair value of scheme assets	34,646,000
Interest income	697,000
Actuarial gains	2,571,000
Contributions by employer	907,000
Contributions by scheme participants	313,000
Benefits paid	(839,000)
Admin expenses	(19,000)
Closing fair value of scheme assets	38,276,000

24. Related party transactions

Nottinghamshire County Council is a related party to the Society as two of its Councillors are also Trustees of the Society. During the year, amounts totalling £13,921,599 (2021: £13,586,386) were received by the Society from Nottinghamshire County Council in relation to the provision of services. At the balance sheet date an amount of £72,049 (2021: £14,458) was due from this party and is included within trade debtors. An amount of £44,071 (2021: £Nil) is included within prepayments and accrued income for costs to be recharged to this party but not invoiced at the year end.

Nottinghamshire County Council also recharged expenses during the year totalling £1,441,170 (2021: £1,143,568). At the balance sheet date an amount of £87,084 (2021: £25,085) was owing to this party and is included within trade creditors. At the balance sheet date an amount of £241,012 (2021: £7,200) is included within accruals in respect of expenses incurred but not invoiced.

CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

25. Surplus before pension adjustments

	2022	<i>2021</i>
	£	£
Per Statement of Financial Activities for the year		
Net income/expenditure before other recognised gains/losses	(1,581,922)	<i>1,030,641</i>
	<hr/>	<hr/>
Add back pension adjustments (see Note 23)		
LGPS service cost	2,447,000	<i>1,876,000</i>
LGPS net interest cost	488,000	<i>339,000</i>
Administrative expenses	19,000	<i>12,000</i>
Contributions by employer	(907,000)	<i>(939,000)</i>
	<hr/>	<hr/>
	2,047,000	<i>1,288,000</i>
	<hr/>	<hr/>
Surplus before pension adjustments	465,078	<i>2,318,641</i>
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