

**CULTURE, LEARNING AND LIBRARIES (MIDLANDS)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2023**

## CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

### CONTENTS

	Page
<b>Reference and administrative details of the Company, its Trustees and advisers</b>	1
<b>Chair's statement</b>	2 - 4
<b>Trustees' report</b>	5 - 13
<b>Independent auditors' report on the financial statements</b>	14 - 17
<b>Statement of financial activities</b>	18
<b>Balance sheet</b>	19 - 20
<b>Statement of cash flows</b>	21
<b>Notes to the financial statements</b>	22 - 46

## CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

### REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2023

<b>Trustees</b>	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 (resigned 20 September 2022) John Hess, Community Trustee (resigned 20 September 2022) Liz Howell, Co-opted Trustee Peter Ware, Co-opted Trustee (resigned 20 September 2022) Carol Hanley, Community Trustee (resigned 20 September 2022) Liz Guildford, Staff representative Trustee (resigned 20 September 2022) Jackie Hewlett-Davies, Community Trustee Leon Dale, Community Trustee (appointed 29 July 2022) Mark Dorrington, Community Trustee (appointed 1 October 2022) Paul Henshaw, Nominated by Nottinghamshire County Council Trustee (appointed 23 June 2022) Victoria Dunstall, Co-opted Trustee (appointed 1 October 2022) Ann Penn, Staff representative Trustee (appointed 1 October 2022) Diane Meale, Community Trustee (appointed 1 October 2022)
<b>Society registered number</b>	RS007139
<b>Registered office</b>	Inspire Head Quarters Glaisdale Parkway Nottingham NG8 4GP
<b>Independent auditors</b>	PKF Smith Cooper Audit Limited Statutory Auditors 2 Lace Market Square Nottingham NG1 1PB
<b>Bankers</b>	Barclays Bank Plc 2 High Street Nottingham NG1 2EN

## CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

### CHAIR'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

The chair presents his statement for the year.

This annual report outlines a successful seventh year of operations for Culture, Learning and Libraries (Midlands), trading as Inspire. Inspire continues to expand and develop whilst 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 main challenge has been a financial one, caused by the inflationary pressures faced by all organisations, especially as we employ many staff and operate out of over 70 buildings. Working with staff and the County Council, Inspire has mitigated some of the impacts through a range of measures, as well as receiving additional contract funding to support the pay and energy aspects of the financial pressures.

The year has seen significant recovery from the impacts of the Covid-19 pandemic and an impressive range of successful projects delivered. I have listed some of the key highlights of the year which demonstrate the ongoing development and success of Inspire.

#### **April**

Inspire was awarded £262k from the Volunteering Futures Fund to deliver the 'Takeover' creative volunteering programme for young people (aged 14-24) to enable them to reach their creative potential.

#### **May**

A new café was opened in Mansfield Central Library following refurbishment and our three Business and Intellectual Property Centres were launched in Beeston, Sutton and Mansfield Libraries. The Queen's platinum jubilee was celebrated across libraries, with Mansfield as one of the handful of UK public libraries opened by the Queen during her reign, holding a very well attended indoor street party.

#### **June**

The project to upgrade and replace our libraries' public computers was completed; Ravenshead Library celebrated 50 years since opening; the Arts Council funded our innovative adult reading initiative I Am A Reader, which aims to celebrate the creativity of reading, and the adult numeracy programme Multiply started delivery.

#### **July**

Libraries staged Health Information Week with 71 events, activities and courses across 21 libraries promoting healthy lifestyles and wellbeing. The annual summer reading challenge was launched and reached over a record breaking 8,500 children aged between 4 and 12 by the end of the summer holiday period.

#### **August**

Inspire was awarded a Green Libraries Partnership grant to develop green spaces at Bilsthorpe and Harworth and Bircotes libraries. Inspire College GCSE results were issued with 63% pass rate for Maths and 42% for English. Nottinghamshire parish registers went online for the first time following a digitisation project and can be viewed free at Nottinghamshire Archives and any Inspire library or via subscription at Ancestry.co.uk.

#### **September**

To commemorate the death of Queen Elizabeth II, Inspire provided access to the online book of condolences and mounted an Inspire Picture Archive exhibition. The Adult Learning annual programme was launched providing an increased range of informal and accredited courses across Nottinghamshire. The young people's study programme, following consultation with young people, was renamed as Inspire College. The Lullaby Bank, a new Inspire Music delivered programme for new parents and their babies, was launched and sold out.

#### **October**

Inspire hosted 3 Fun Palaces, in Mansfield, Newark and Worksop libraries with over 2,800 people of all ages attending with a real community celebration of local skills, culture, heritage and science. At Worksop the annual volunteer knitting challenge exhibition was mounted, providing an impressive display of 764 tactile hand warmers which, in partnership with Dementia Action, were then given to people with dementia across Nottinghamshire. In celebration of Black History month, Inspire staged 6 performances of children's theatre production 'Grandad Anansi' across 5 libraries.

## CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

### CHAIR'S STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### November

Inspire was awarded National Portfolio Organisation status for the second time by Arts Council England. The new Buttermarket Inspire Centre delivered its first adult learning course, the number of regular Places of Welcome sites reached 10 and our registered Community Maker volunteers reached 700.

#### December

The Inspired Christmas concert at the Royal Concert Hall Nottingham was sold out with over 1,450 people taking part, showcasing the work of young people who engage with Inspire Music and Inspire Youth Arts. Bilsthorpe library, the first of 6 small libraries to be refurbished as part of the Arts Council England funded Village Hubs project, reopened.

#### January

Inspire, in partnership with the Miner2Major historical Sherwood Forest heritage conservation project, launched Sherwood Voices, audio walks through the forest narrated by local people with accompanying booklets and downloadable audio. Ollerton library reopened following a refurbishment, with Harworth and Bircotes and Blidworth libraries closing for refurbishment as part of the Village Hubs project. Inspire won national awards for the BIG Draw programmes for both 2020 and 2021.

#### February

The Inspire Buttermarket Centre officially opened and 2 Inspire projects (I Am A Reader and Village Hubs) were shortlisted for the national Libraries Connected awards 2023. Inspire Youth Arts Light Night installation at Nottingham St Mary's Church attracted 7,636 attendances over 2 nights. Stapleford library closed for works to create 3 additional learning spaces to support an expansion of the adult learning programme.

#### March

Nottinghamshire Archives and Inspire Youth Arts, in collaboration with the Imperial War Museum, created a unique hip hop dance performance called 'Mother of Tension', which was performed at Lakeside Arts to a sold out audience. Nottinghamshire Archives retained its accreditation from the National Archives and West Bridgford Library celebrated its 10th anniversary in its new form. Through the Urban X-Change Network, a 'Day and Night of Libraries' was held between Beeston and Gütersloh (Germany) libraries.

This list of highlights is not exhaustive and through the hard work of our staff, volunteers and partners right across the county, Inspire services and projects are supporting and inspiring individuals and communities to read, learn and enjoy culture. Partnerships with a range of organisations have developed over the last year enabling increased opportunities and impact to be made for people and communities.

Inspire has met performance requirements as laid out within the service specification agreed with the County Council and agreements with other funders.


Inspire has also achieved several external accreditations and awards to validate its performance. These include Customer Service Excellence (CSE) accreditation, the MATRIX accreditation to the national Information, Advice and Guidance (IAG) standard and the Family Arts Standard. Inspire became a carer friendly organisation for the first time working with the Nottinghamshire Carers Association and Inspire continues to work towards the Investors in Diversity (IID) standard.

Financially, we continue to work hard to manage our resources effectively. A deficit budget was set in 2022/2023, amounting to a possible negative outturn of £703k. However, due to a better recovery of income than forecast, good cost control and a number of in-year savings, the end of year position, excluding Pension Adjustments and before movements in funds, is a surplus of £140,422 (See Note 27). This represents an increase in Restricted Reserves of £176,762, a reduction in the Fixed Asset Reserve of £120,634, and an increase in Unrestricted Reserves of £84,294.

**CULTURE, LEARNING AND LIBRARIES (MIDLANDS)**

**CHAIR'S STATEMENT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

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



.....  
**John Cottee**  
**Chair of Trustees**  
Date: 14/09/2023

## CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The Trustees present their annual report together with the audited financial statements of the Company for the year 1 April 2022 to 31 March 2023. 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 has adopted a new four-year forward plan 2022 – 2026. In a refined number of priorities, we have identified our focus for development 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/](http://www.inspireculture.ork.uk/whats-on/news/).

## CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

### TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### Objectives, Activities and Financial Review (continued)

##### c. Going Concern

After making appropriate enquiries and given the performance of the Society in 2022/23 and the level of reserves as at 31 March 2023, 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.

A zero-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 financial information 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 2023

#### 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 as well as the new East Midlands Combined Authority taking the lead on the Adult Education Budget. 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. 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 outlines 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 by March 2024.

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 6 small libraries (Bilsthorpe, Blidworth, Burton Joyce, Harworth, Langold and Woodthorpe) through a DCMS grant.

Towns Fund Awards in Ashfield, Broxtowe and Newark & 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 2023

#### 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 31 March 2023, a pension scheme liability of £534,000 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 £2,370,000, 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 £938,000.

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 Trustees foresee no issues in meeting employer's pension contributions for the foreseeable future and, given the level of the Society's reserves, the Trustees are confident that it can meet all foreseeable calls on it by the pension scheme while meeting all 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 2023 amount to £1.5m.

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 seventh year was £21.26m and this is split as £9.54m restricted and £11.72m unrestricted income (2022: £18.62m turnover of which £6.76m was restricted and £11.86m 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 2023 was £299,161 (2022: £79,543).

The level of bank and cash balances at the year-end of £4.91 million represents 23.20% of income from charitable activities (2022: £4.91m, 26.4%) or 2.55 months (2022: 2.92 months) of average expenditure.

## CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

### TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 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 £517k (2022: £340k) 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 review the financial health and to ensure good management of the Society. 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. It has also been successful in a number of grant applications and commissions from ESFA and UKSPF.

## CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

### TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 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 701 staff as at 31st March 2023 (702 as at 31st March 2022) are members and there are 78,993 public members as at 31st March 2023. 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 Trustees.

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

Staff Trustee (1) – elected by staff members  
Community Trustees (4) – elected by the whole membership  
County Council (2) nominated Trustees  
Co-opted Trustee (4)  
The Chief Executive Officer

## CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

### TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### Structure, governance and management (continued)

##### b. Methods of appointment or election of Trustees

The following trustees have been appointed:

- John Cottee, Chair of Trustees (appointed 19 April 2016)
- Leon Dale, Community Trustee (appointed 29 July 2022)
- Mark Dorrington, Community Trustee (appointed 1 October 2022)
- Victoria Dunstall, Co-opted Trustee (appointed 1 October 2022)
- Peter Gaw, Member, Trustee and CEO (appointed 19 April 2016)
- Glynn Gilfoyle, Nominated by Nottinghamshire County Council Trustee (appointed 27 June 2017, resigned 20 September 2022)
- Liz Guildford, Staff elected Trustee (appointed 20 September 2018, resigned 20 September 2022)
- Carol Hanley, Community Trustee (appointed 17 October 2019, resigned 20 September 2022)
- Paul Henshaw, Nominated by Nottinghamshire County Council Trustee (appointed 23 June 2022)
- John Hess, Community Trustee (appointed 12 October 2016, resigned 20 September 2022)
- Jackie Hewlett-Davies, Community Trustee (appointed 13 October 2021)
- Liz Howell, Co-opted Trustee (appointed 13 September 2016)
- Margot Madin, Chair of Audit and Finance Committee (appointed 16 April 2020)
- Diana Meale, Community Trustee (appointed 1 October 2022)
- Ann Penn, Staff elected Trustee (appointed 1 October 2022)
- Peter Ware, Co-opted Trustee (appointed 27 June 2017, resigned 20 September 2022)

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 Trustees 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 Trustees and the Trustees 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 relating to the operations and finances of the Society and are satisfied that systems and procedures have been established to manage those risks.

## CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

### TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### Plans for future periods

#### Future Developments

The Inspire budget for 2023/2024 has been set drawing a contribution from unrestricted reserves of £470,786.

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:

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.

Reasonable adjustments to the recruitment process will be made to ensure that no applicant is disadvantaged because of their disability.

#### Performance Management Policy Extract:

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 2023

#### 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

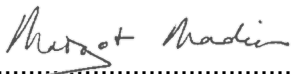
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- 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: 14/09/2023

## **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 2023 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 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 Companies Act 2006 requires us to report to you if, in our opinion:

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

#### **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](http://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 members in accordance with Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the 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 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: 15 September 2023

**CULTURE, LEARNING AND LIBRARIES (MIDLANDS)**

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £	Total funds 2022 £
<b>Income from:</b>						
Donations and legacies	3	-	-	-	-	150
Charitable activities	4	11,678,074	9,546,185	-	21,224,259	18,595,442
Trading activities	5	38,100	-	-	38,100	21,250
<b>Total income</b>		<b>11,716,174</b>	<b>9,546,185</b>	<b>-</b>	<b>21,262,359</b>	<b>18,616,842</b>
<b>Expenditure on:</b>						
Trading activities		12,397	-	-	12,397	10,119
Charitable activities	6	12,764,841	9,310,627	1,027,070	23,102,538	20,188,645
<b>Total expenditure</b>		<b>12,777,238</b>	<b>9,310,627</b>	<b>1,027,070</b>	<b>23,114,935</b>	<b>20,198,764</b>
<b>Net (expenditure)/income</b>		<b>(1,061,064)</b>	<b>235,558</b>	<b>(1,027,070)</b>	<b>(1,852,576)</b>	<b>(1,581,922)</b>
Transfers between funds	18	(847,640)	(58,796)	906,436	-	-
<b>Net movement in funds before other recognised gains</b>		<b>(1,908,704)</b>	<b>176,762</b>	<b>(120,634)</b>	<b>(1,852,576)</b>	<b>(1,581,922)</b>
<b>Other recognised gains:</b>						
Actuarial gains on defined benefit pension schemes	24	22,920,000	-	-	22,920,000	5,471,000
<b>Net movement in funds</b>		<b>21,011,296</b>	<b>176,762</b>	<b>(120,634)</b>	<b>21,067,424</b>	<b>3,889,078</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		(20,043,361)	2,305,028	2,490,576	(15,247,757)	(19,136,835)
Net movement in funds		21,011,296	176,762	(120,634)	21,067,424	3,889,078
<b>Total funds carried forward</b>		<b>967,935</b>	<b>2,481,790</b>	<b>2,369,942</b>	<b>5,819,667</b>	<b>(15,247,757)</b>

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

The notes on pages 22 to 46 form part of these financial statements.

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

**BALANCE SHEET  
AS AT 31 MARCH 2023**

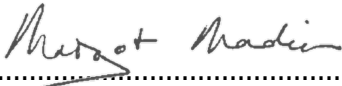
	Note	2023 £	2022 £
<b>Fixed assets</b>			
Tangible assets	13	2,369,942	2,490,576
<b>Current assets</b>			
Debtors	14	1,613,651	913,930
Cash at bank and in hand	22	4,914,887	4,907,307
		6,528,538	5,821,237
Creditors: amounts falling due within one year	15	(2,542,618)	(2,098,570)
<b>Net current assets</b>		<b>3,985,920</b>	<b>3,722,667</b>
<b>Total assets less current liabilities</b>			
		<b>6,355,862</b>	<b>6,213,243</b>
Creditors: amounts falling due after more than one year	16	(2,195)	-
<b>Net assets excluding pension liability</b>		<b>6,353,667</b>	<b>6,213,243</b>
Defined benefit pension scheme liability	24	(534,000)	(21,461,000)
<b>Total net assets</b>		<b>5,819,667</b>	<b>(15,247,757)</b>
<b>Society funds</b>			
Restricted funds:			
Inspire Learning	18	1,651,792	1,537,932
Arts	18	460,646	370,802
Culture	18	171,054	228,045
Heritage	18	188,537	158,488
Donations and legacies	18	9,761	9,761
Restricted fixed asset funds	18	2,369,942	2,490,576
Total restricted funds	18	4,851,732	4,795,604
Unrestricted funds			
Unrestricted funds excluding pension liability	18	1,501,935	1,417,639
Pension reserve	18	(534,000)	(21,461,000)
Total unrestricted funds	18	967,935	(20,043,361)
<b>Total funds</b>		<b>5,819,667</b>	<b>(15,247,757)</b>

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

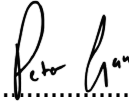
**BALANCE SHEET (CONTINUED)  
AS AT 31 MARCH 2023**

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: 14/09/2023



.....  
**Peter Gaw**  
Trustee and CEO

The notes on pages 22 to 46 form part of these financial statements.

**CULTURE, LEARNING AND LIBRARIES (MIDLANDS)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2023**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
Net cash provided by operating activities (Note 21)	<b>914,015</b>	<b>1,541,239</b>
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	<b>(906,435)</b>	<b>(1,070,452)</b>
	<hr/>	<hr/>
<b>Net cash used in investing</b>	<b>(906,435)</b>	<b>(1,070,452)</b>
	<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>	<b>7,580</b>	<b>470,787</b>
Cash and cash equivalents at the beginning of the year	<b>4,907,307</b>	<b>4,436,520</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	<b>4,914,887</b>	<b>4,907,307</b>
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 22 to 46 form part of these financial statements

## CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 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 2023

#### 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 2023

#### 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 2023

#### 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 24, 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 2023

#### 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.

##### **Local Government Pension Scheme**

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 24, 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 2022 has been used by the actuary in valuing the pensions liability at 31 March 2023. 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.

##### **Books**

An estimation of the level of disposals of books held in fixed assets has been made in order to determine a value to be accounted for within the financial statements. Due to the volume of books; the number of locations, differing useful economic lives, and the fact that books are taken out of the libraries resulting in losses, certain estimations have been made regarding the number of books no longer physically in existence. The estimated attrition rate applied for the year ended 31 March 2023 is 7.5%.

##### 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 2023**

**3. Income from donations and legacies**

	<b>Restricted funds 2023 £</b>	<b>Total funds 2023 £</b>	<i>Total funds 2022 £</i>
Donations	-	-	150
<i>Total 2022</i>	<u>150</u>	<u>150</u>	

**4. Income from charitable activities**

	<b>Unrestricted funds 2023 £</b>	<b>Restricted funds 2023 £</b>	<b>Total funds 2023 £</b>
Learning	-	6,955,941	<b>6,955,941</b>
Music	-	2,019,712	<b>2,019,712</b>
Arts Council - NPO	-	263,610	<b>263,610</b>
Cultural Education Partnership	-	55,980	<b>55,980</b>
Arts Council - I Am A Reader	-	7,393	<b>7,393</b>
The National Archives - New Burdens	-	457	<b>457</b>
National Manuscripts Conservation Trust	-	4,500	<b>4,500</b>
NCC - Heritage	-	25,092	<b>25,092</b>
Takeover - Pathways to Work	-	131,000	<b>131,000</b>
Able Orchestra	-	82,500	<b>82,500</b>
All Other Services	11,141,731	-	<b>11,141,731</b>
Education Library Service	536,343	-	<b>536,343</b>
	<u>11,678,074</u>	<u>9,546,185</u>	<u><b>21,224,259</b></u>

Income from charitable activities for 2022 consisted of £11,839,041 of unrestricted income and £6,756,401 of restricted income.

**CULTURE, LEARNING AND LIBRARIES (MIDLANDS)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**5. Trading activities**

**Income from non charitable trading activities**

	<b>Unrestricted funds 2023 £</b>	<b>Total funds 2023 £</b>	<i>Total funds 2022 £</i>
Trading income	38,100	<b>38,100</b>	21,250
<i>Total 2022</i>	<u>21,250</u>	<u>21,250</u>	

**6. Analysis of expenditure on charitable activities**

	<b>Unrestricted funds 2023 £</b>	<b>Restricted funds 2023 £</b>	<b>Total funds 2023 £</b>	<i>Total funds 2022 £</i>
Learning	-	6,842,080	<b>6,842,080</b>	5,164,073
Music	-	2,008,681	<b>2,008,681</b>	1,761,157
Inspire Youth Arts	-	3,687	<b>3,687</b>	13,925
Arts Council - NPO	-	351,538	<b>351,538</b>	217,713
Cultural Education Partnership	-	56,061	<b>56,061</b>	29,280
Arts Council - I am A Reader	-	24,746	<b>24,746</b>	2,792
Historic England	-	-	-	26,117
The Reading Agency - Reading Friends	-	-	-	6,500
Takeover - Pathways to Work	-	82,630	<b>82,630</b>	-
Education Library Service	473,489	54,478	<b>527,967</b>	520,252
Donations and Legacies	-	-	-	8,083
All Other Services	12,291,352	913,796	<b>13,205,148</b>	12,438,753
	<u>12,764,841</u>	<u>10,337,697</u>	<u><b>23,102,538</b></u>	<u>20,188,645</u>
<i>Total 2022</i>	<u>12,776,355</u>	<u>7,412,290</u>	<u>20,188,645</u>	

**CULTURE, LEARNING AND LIBRARIES (MIDLANDS)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**7. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2023 £</b>	<b>Support costs 2023 £</b>	<b>Total funds 2023 £</b>	<i>Total funds 2022 £</i>
Provision of services	22,134,253	968,285	<b>23,102,538</b>	20,188,645
<i>Total 2022</i>	<u>19,331,740</u>	<u>856,905</u>	<u>20,188,645</u>	

**Analysis of direct costs**

	<b>Provision of services 2023 £</b>	<b>Total funds 2023 £</b>
Staff costs	14,093,502	<b>14,093,502</b>
Depreciation	866,339	<b>866,339</b>
Bank charges	6,133	<b>6,133</b>
Premises costs	1,274,034	<b>1,274,034</b>
Irrecoverable VAT	291,209	<b>291,209</b>
Professional subscriptions and partners	341,447	<b>341,447</b>
Vehicle and travel	199,495	<b>199,495</b>
Books and equipment	367,823	<b>367,823</b>
Event costs	615,600	<b>615,600</b>
Office and administration	214,222	<b>214,222</b>
Computer and systems	583,793	<b>583,793</b>
Loss on disposal on fixed assets	160,731	<b>160,731</b>
Other costs	30,343	<b>30,343</b>
Legal and professional	129,630	<b>129,630</b>
Adult education	1,895,647	<b>1,895,647</b>
Other staff costs	76,855	<b>76,855</b>
Design and print	344,983	<b>344,983</b>
External contractors	7,943	<b>7,943</b>
Agency and other staff	89,524	<b>89,524</b>
Net interest on pension obligation	545,000	<b>545,000</b>
	<u>22,134,253</u>	<u>22,134,253</u>

## CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 7. Analysis of expenditure by activities (continued)

##### Analysis of support costs

	Provision of services 2023 £	Total funds 2023 £
Staff costs	429,441	<b>429,441</b>
Bank Charges and interest	3,557	<b>3,557</b>
Premises costs	193,112	<b>193,112</b>
Governance	30,217	<b>30,217</b>
Vehicle and travel	11,499	<b>11,499</b>
Office and administration	18,735	<b>18,735</b>
Computer and systems	184,169	<b>184,169</b>
Legal and professional	73,372	<b>73,372</b>
Design and print	7,262	<b>7,262</b>
Other staff costs	16,921	<b>16,921</b>
	<hr/> <hr/> 968,285	<hr/> <hr/> <b>968,285</b>

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.



**CULTURE, LEARNING AND LIBRARIES (MIDLANDS)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**8. Direct and support costs analysis by fund**

	Direct costs	Allocated support costs	Total costs
	£	£	£
<b>Restricted</b>			
Learning	6,125,189	716,890	<b>6,842,079</b>
Music	1,900,741	107,940	<b>2,008,681</b>
Inspire Youth Arts	3,687	-	<b>3,687</b>
Arts Council - NPO	351,538	-	<b>351,538</b>
Cultural Education Partnership	56,061	-	<b>56,061</b>
Arts Council - I Am A Reader	24,746	-	<b>24,746</b>
Takeover - Pathways to Work	72,630	10,000	<b>82,630</b>
Restricted fixed assets	120,635	-	<b>120,635</b>
	<hr/>	<hr/>	<hr/>
	8,655,227	834,830	<b>9,490,057</b>
<b>Unrestricted</b>			
Education Library Services	415,132	112,835	<b>527,967</b>
All other services	11,070,894	20,620	<b>11,091,514</b>
LGPS pension costs	1,993,000	-	<b>1,993,000</b>
	<hr/>	<hr/>	<hr/>
	13,479,026	133,455	<b>13,612,481</b>
	<hr/>	<hr/>	<hr/>
<b>Total 2023</b>	<b>22,134,253</b>	<b>968,285</b>	<b>23,102,538</b>

**9. Auditors' remuneration**

	2023 £	2022 £
Fees payable to the Society's auditor for the audit of the Society's annual accounts	<b>20,200</b>	16,600
Fees payable to the Society's auditor in respect of:		
Audit related assurance services	<b>1,210</b>	1,100
Preparation of the annual accounts	<b>2,195</b>	1,995
	<hr/>	<hr/>

**CULTURE, LEARNING AND LIBRARIES (MIDLANDS)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**10. Staff costs**

	<b>2023</b>	2022
	£	£
Wages and salaries	<b>10,746,562</b>	9,481,666
Social security costs	<b>873,429</b>	691,354
Contribution to defined contribution pension schemes	<b>532,952</b>	442,342
Operating costs of defined benefit pension schemes	<b>2,370,000</b>	2,447,000
	<u><b>14,522,943</b></u>	<u>13,062,362</u>

The number of hours of time donated by general volunteers during the year is approximately 10,073 (2022: 6,823). This has an approximate value of £112,616 to the Society (2022: £69,526).

During the year contractual redundancy payments of £Nil (2022: £5,760) 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:

	<b>2023</b>	2022
	No.	No.
Staff	<b>699</b>	691
Senior management	<b>4</b>	4
	<u><b>703</b></u>	<u>695</u>

The average headcount expressed as full-time equivalents was:

	<b>2023</b>	2022
	No.	No.
Staff	<b>354</b>	340
Senior management	<b>4</b>	4
	<u><b>358</b></u>	<u>344</u>

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

	<b>2023</b>	2022
	No.	No.
In the band £60,001 - £70,000	<b>2</b>	-
In the band £80,001 - £90,000	<b>1</b>	1

The remuneration of key management personnel during the year totalled £276,953 (2022: £290,507) for short term employment benefits and £40,858 (2022: £39,548) for post-employment benefits. During the year retirement benefits were accruing to 4 (2022: 5) key management personnel, of which 3 (2022: 1) is a higher paid employee.

**CULTURE, LEARNING AND LIBRARIES (MIDLANDS)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**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.

		<b>2023</b>	<i>2022</i>
		<b>£</b>	<b>£</b>
P. Gaw, Chief Executive	Remuneration	<b>84,135</b>	<i>82,210</i>
	Pension contributions paid	<b>15,340</b>	<i>14,688</i>
	Employers NI	<b>10,910</b>	<i>10,082</i>
Liz Guildford	Remuneration	<b>20,748</b>	<i>38,553</i>
	Pension contributions paid	<b>3,660</b>	<i>6,901</i>
	Employers NI	<b>2,907</b>	<i>4,079</i>
Ann Penn	Remuneration	<b>17,451</b>	<i>-</i>
	Pension contributions paid	<b>3,158</b>	<i>-</i>
	Employers NI	<b>1,500</b>	<i>-</i>

During the year ended 31 March 2023, no expenses have been reimbursed or paid to Trustees (2022: £Nil).

During the year benefits were received by 5 Trustees (2022: 2) with a total value of £85 (2022: £71).

**12. Interest payable**

	<b>2023</b>	<i>2022</i>
	<b>£</b>	<b>£</b>
Net interest on defined benefit pension liability	<b>545,000</b>	<i>488,000</i>

**CULTURE, LEARNING AND LIBRARIES (MIDLANDS)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**13. Tangible fixed assets**

	Property improvements £	Specialist equipment £	Fixtures and fittings £	Office equipment £	Books £	Total £
<b>Cost or valuation</b>						
At 1 April 2022	102,262	95,562	281,438	499,715	3,960,839	4,939,816
Additions	5,034	3,846	30,157	92,483	774,914	906,434
Disposals	-	-	-	-	(359,072)	(359,072)
At 31 March 2023	<u>107,296</u>	<u>99,408</u>	<u>311,595</u>	<u>592,198</u>	<u>4,376,681</u>	<u>5,487,178</u>
<b>Depreciation</b>						
At 1 April 2022	30,260	83,146	98,918	278,357	1,958,559	2,449,240
Charge for the year	17,882	5,734	50,977	107,801	683,945	866,339
On disposals	-	-	-	-	(198,343)	(198,343)
At 31 March 2023	<u>48,142</u>	<u>88,880</u>	<u>149,895</u>	<u>386,158</u>	<u>2,444,161</u>	<u>3,117,236</u>
<b>Net book value</b>						
At 31 March 2023	<u><u>59,154</u></u>	<u><u>10,528</u></u>	<u><u>161,700</u></u>	<u><u>206,040</u></u>	<u><u>1,932,520</u></u>	<u><u>2,369,942</u></u>
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>

**14. Debtors**

	2023 £	2022 £
<b>Due within one year</b>		
Trade debtors	944,046	451,835
Other debtors	129	203
Prepayments and accrued income	669,476	461,892
	<u>1,613,651</u>	<u>913,930</u>

**CULTURE, LEARNING AND LIBRARIES (MIDLANDS)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**15. Creditors: Amounts falling due within one year**

	2023 £	2022 £
Trade creditors	580,085	683,660
Other taxation and social security	576,749	562,606
Other creditors	176,771	157,738
Accruals and deferred income	1,209,013	694,566
	<b>2,542,618</b>	<b>2,098,570</b>
	<b>2,542,618</b>	<b>2,098,570</b>

**16. Creditors: Amounts falling due after more than one year**

	2023 £	2022 £
Other creditors	2,195	-
	<b>2,195</b>	<b>-</b>
	<b>2,195</b>	<b>-</b>

**17. Accruals and deferred income**

	2023 £	2022 £
Deferred income at 1 April 2022	79,543	72,074
Resources deferred during the year	299,161	79,543
Amounts released from previous periods	(79,543)	(72,074)
	<b>299,161</b>	<b>79,543</b>
<b>Deferred income at 31 March 2023</b>	<b>299,161</b>	<b>79,543</b>

**CULTURE, LEARNING AND LIBRARIES (MIDLANDS)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**18. Statement of funds**

**Statement of funds - current year**

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2023 £
<b>Unrestricted funds</b>						
Charitable activities	1,305,725	11,141,730	(10,298,350)	(793,162)	-	1,355,943
ELS	8,144	536,343	(473,489)	(54,478)	-	16,520
Trading	103,770	38,101	(12,399)	-	-	129,472
Pension reserve	(21,461,000)	-	(1,993,000)	-	22,920,000	(534,000)
	<u>(20,043,361)</u>	<u>11,716,174</u>	<u>(12,777,238)</u>	<u>(847,640)</u>	<u>22,920,000</u>	<u>967,935</u>
<b>Restricted funds</b>						
Learning	1,537,932	6,955,941	(6,786,134)	(55,946)	-	1,651,793
Music	367,115	2,019,712	(2,005,831)	(2,850)	-	378,146
Inspire Youth Arts	3,687	-	(3,687)	-	-	-
Arts Council - NPO	199,223	263,610	(351,538)	-	-	111,295
Cultural Education Partnership	11,469	55,980	(56,061)	-	-	11,388
Arts Council - I Am A Reader	17,353	7,393	(24,746)	-	-	-
The National Archives - New Burdens	158,488	457	-	-	-	158,945
National Manuscripts Conservation Trust	-	4,500	-	-	-	4,500
NCC - Heritage	-	25,092	-	-	-	25,092
Takeover - Pathways into work	-	131,000	(82,630)	-	-	48,370
Able Orchestra	-	82,500	-	-	-	82,500
Donations & Legacies	9,761	-	-	-	-	9,761
	<u>2,305,028</u>	<u>9,546,185</u>	<u>(9,310,627)</u>	<u>(58,796)</u>	<u>-</u>	<u>2,481,790</u>

**CULTURE, LEARNING AND LIBRARIES (MIDLANDS)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**18. Statement of funds (continued)**

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2023 £
Restricted fixed asset funds						
Acquisition of fixed assets	2,490,576	-	(1,027,070)	906,436	-	2,369,942
<b>Total Restricted funds</b>	<b>4,795,604</b>	<b>9,546,185</b>	<b>(10,337,697)</b>	<b>847,640</b>	<b>-</b>	<b>4,851,732</b>
<b>Total of funds</b>	<b>(15,247,757)</b>	<b>21,262,359</b>	<b>(23,114,935)</b>	<b>-</b>	<b>22,920,000</b>	<b>5,819,667</b>

## CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 18. 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 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 National Portfolio Organisation fund supports Inspire's programme of cultural events for children and young people.

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

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

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

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 National Manuscripts Conservation Trust fund supports the conservation of the (primarily) Victorian Nottingham City building plans.

The NCC Heritage fund supports additional records management services in relation to the destruction of confidential documents.

The Takeover – Pathways into Work fund includes income from the Department for Digital, Culture, Media and Sport, delivered by the Arts Council England, to create volunteering opportunities for your people to reach their creative potential.

The Arts Council grant funded Able Orchestra fund supports Inspire Youth Arts in creating an inclusive ensemble of disabled and non-disabled musicians, based on the principle of enabling people to create and perform music on equal terms, regardless of their physical dexterity or musical experience.

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 78,993 (2022: 73,661) 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 2023**

**18. Statement of funds (continued)**

**Statement of funds - prior year**

	<i>Balance at 1 April 2021</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 March 2022</i>
	£	£	£	£	£	£
<b>Unrestricted funds</b>						
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>
<b>Restricted funds</b>						
Learning	1,388,443	5,313,562	(5,087,041)	(77,032)	-	1,537,932
Music	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>
<b>Restricted fixed asset funds</b>						
Acquisition of fixed assets	2,351,319	-	(931,193)	1,070,450	-	2,490,576
<b>Total Restricted funds</b>	<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>
<b>Total of funds</b>	<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 2023**

**19. Summary of funds**

**Summary of funds - current year**

	<b>Balance at 1 April 2022</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers in/out</b>	<b>Gains/ (Losses)</b>	<b>Balance at 31 March 2023</b>
	£	£	£	£	£	£
Unrestricted funds	(20,043,361)	11,716,174	(12,777,238)	(847,640)	22,920,000	967,935
Restricted funds	2,305,028	9,546,185	(9,310,627)	(58,796)	-	2,481,790
Restricted fixed asset funds	2,490,576	-	(1,027,070)	906,436	-	2,369,942
	<u>(15,247,757)</u>	<u>21,262,359</u>	<u>(23,114,935)</u>	<u>-</u>	<u>22,920,000</u>	<u>5,819,667</u>

**Summary of funds - prior year**

	<i>Balance at 1 April 2021</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 March 2022</i>
	£	£	£	£	£	£
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>

**20. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	<b>Unrestricted funds 2023</b>	<b>Restricted funds 2023</b>	<b>Restricted fixed asset funds 2023</b>	<b>Total funds 2023</b>
	£	£	£	£
Tangible fixed assets	-	-	2,369,942	<b>2,369,942</b>
Current assets	3,194,955	3,333,583	-	<b>6,528,538</b>
Creditors due within one year	(1,690,825)	(851,793)	-	<b>(2,542,618)</b>
Creditors due in more than one year	(2,195)	-	-	<b>(2,195)</b>
Provisions for liabilities and charges	(534,000)	-	-	<b>(534,000)</b>
<b>Total</b>	<u>967,935</u>	<u>2,481,790</u>	<u>2,369,942</u>	<u><b>5,819,667</b></u>

**CULTURE, LEARNING AND LIBRARIES (MIDLANDS)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**20. Analysis of net assets between funds (continued)**

**Analysis of net assets between funds - prior year**

	<i>Unrestricted funds 2022 £</i>	<i>Restricted funds 2022 £</i>	<i>Restricted fixed asset funds 2022 £</i>	<i>Total funds 2022 £</i>
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)
<b>Total</b>	<b>(20,043,361)</b>	<b>2,305,028</b>	<b>2,490,576</b>	<b>(15,247,757)</b>

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

	<b>2023 £</b>	<b>2022 £</b>
Net expenditure for the year (as per Statement of Financial Activities)	<b>(1,852,576)</b>	<b>(1,581,922)</b>
<b>Adjustments for:</b>		
Depreciation charges	866,339	764,805
FRS 102 pension adjustment	1,993,000	2,047,000
Loss on the disposal of fixed assets	160,729	166,388
Increase in debtors	(699,720)	(453,411)
Increase in creditors	446,243	598,379
<b>Net cash provided by operating activities</b>	<b>914,015</b>	<b>1,541,239</b>

**22. Analysis of cash and cash equivalents**

	<b>2023 £</b>	<b>2022 £</b>
Cash in hand	<b>4,914,887</b>	<b>4,907,307</b>

## CULTURE, LEARNING AND LIBRARIES (MIDLANDS)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 23. Analysis of changes in net debt

	At 1 April 2022	Cash flows	At 31 March 2023
	£	£	£
Cash at bank and in hand	<u>4,907,307</u>	<u>7,580</u>	<u>4,914,887</u>

#### 24. 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 £175,673 were payable to the Society's pension schemes at 31 March 2023 (2022: £157,738) 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 2019 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 23.68% 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 2023

#### 24. 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 £246,726 (2022: £205,243).

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 2022. 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%. 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.

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

	<b>At 31 March 2023</b>	<i>At 31 March 2022</i>
	%	%
Discount rate	<b>4.8</b>	2.6
Future salary increases	<b>3.9</b>	4.2
Future pension increases	<b>2.9</b>	3.2

**CULTURE, LEARNING AND LIBRARIES (MIDLANDS)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**24. 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**

	<b>At 31 March 2023 £</b>	<i>At 31 March 2022 £</i>
Discount rate +0.1%	<b>37,906,000</b>	58,385,000
Discount rate -0.1%	<b>39,261,000</b>	61,122,000
Long term salary increases +0.1%	<b>38,667,000</b>	59,959,000
Long term salary increases -0.1%	<b>38,483,000</b>	59,516,000
Future pension increases +0.1%	<b>39,181,000</b>	60,890,000
Future pension increases -0.1%	<b>37,985,000</b>	58,612,000

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

	<b>At 31 March 2023 £</b>	<i>At 31 March 2022 £</i>
Equities	<b>22,172,000</b>	23,188,000
Gilts	<b>786,000</b>	1,127,000
Corporate bonds	<b>2,253,000</b>	2,610,000
Property	<b>4,515,000</b>	4,918,000
Cash	<b>1,991,000</b>	2,142,000
Other	<b>6,324,000</b>	4,291,000
<b>Total fair value of assets</b>	<b>38,041,000</b>	38,276,000

The actual return on scheme assets was a loss of £805,000 (2022 - £3,268,000 gain).

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

	<b>2023 £</b>	<i>2022 £</i>
Current service cost	<b>2,370,000</b>	2,447,000
Interest cost	<b>545,000</b>	488,000
Administrative expenses	<b>16,000</b>	19,000
<b>Total amount recognised in the Statement of financial activities</b>	<b>2,931,000</b>	2,954,000

**CULTURE, LEARNING AND LIBRARIES (MIDLANDS)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**24. Pension commitments (continued)**

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

	<b>2023 £</b>
Opening defined benefit obligation	59,737,000
Current service cost	2,370,000
Contributions by scheme participants	331,000
Actuarial gains	(24,712,000)
Benefits paid	(699,000)
Interest cost	1,548,000
<b>Closing defined benefit obligation</b>	<b>38,575,000</b>

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

	<b>2023 £</b>
Opening fair value of scheme assets	38,276,000
Interest income	1,003,000
Actuarial losses	(1,792,000)
Contributions by employer	938,000
Contributions by scheme participants	331,000
Benefits paid	(699,000)
Admin expenses	(16,000)
<b>Closing fair value of scheme assets</b>	<b>38,041,000</b>

**25. Operating lease commitments**

At 31 March 2023 the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	<b>2023 £</b>	<b>2022 £</b>
Not later than 1 year	44,000	-
Later than 1 year and not later than 5 years	42,083	-
	<b>86,083</b>	<b>-</b>

**CULTURE, LEARNING AND LIBRARIES (MIDLANDS)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**26. 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 £16,552,595 (2022: £13,921,599) were received by the Society from Nottinghamshire County Council in relation to the provision of services. At the balance sheet date an amount of £551,428 (2022: £72,049) was due from this party and is included within trade debtors. An amount of £74,996 (2022: £44,071) 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 £1,184,177 (2022: £1,441,170). At the balance sheet date an amount of £27,407 (2022: £87,084) was owing to this party and is included within trade creditors. At the balance sheet date an amount of £65,299 (2022: £241,012) is included within accruals in respect of expenses incurred but not invoiced.

**27. Surplus before pension adjustments**

	<b>2023</b>	<b>2022</b>
	£	£
<b>Per Statement of Financial Activities for the year</b>		
Net expenditure before other recognised gains/losses	<b>(1,852,578)</b>	<b>(1,581,922)</b>
<b>Add back pension adjustments (see Note 24)</b>		
LGPS service cost	<b>2,370,000</b>	2,447,000
LGPS net interest cost	<b>545,000</b>	488,000
Administrative expenses	<b>16,000</b>	19,000
Contributions by employer	<b>(938,000)</b>	<b>(907,000)</b>
	<b>1,993,000</b>	2,047,000
<b>Surplus before pension adjustments</b>	<b>140,422</b>	465,078