

Company registration number: 03589539

Charity registration number: 1076251

# BALTIC FLOUR MILLS VISUAL ARTS TRUST

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2021

# **Baltic Flour Mills Visual Arts Trust**

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# Baltic Flour Mills Visual Arts Trust

## Reference and Administrative Details

<b>Chair</b>	K Lang
<b>Trustees</b>	S Bryson S Corbridge A W Donaldson (appointed 26 November 2020) C Donovan J Feeley J G Gamble (appointed 26 November 2020) T Gharavi L Hunter K Lang M D Martin (resigned 26 November 2020) R Mullen J D Richardson (resigned 26 November 2020) M Saravanamuttu C Sexton M A Sealy (appointed 26 November 2020) T R Stirling Love (appointed 26 November 2020) G S Thrower (resigned 24 September 2020) K C Wexford Campbell (appointed 26 November 2020) L Wilson
<b>Key Management Personnel</b>	S Munro, Director S J Cleland, Deputy Director (resigned 9 September 2020) I Aristizabal, Head of Curatorial and Public Practice
<b>Principal Office</b>	Baltic Centre For Contemporary Art Gateshead Quays South Shore Road Gateshead Tyne & Wear NE8 3BA  The charity is incorporated in England and Wales.
<b>Company Registration Number</b>	03589539
<b>Charity Registration Number</b>	1076251
<b>Auditor</b>	MHA Tait Walker Chartered Accountants & Statutory Auditor Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS
<b>Bankers</b>	Yorkshire Bank Northumberland Street 131 - 135 Northumberland Street Newcastle upon Tyne NE1 7AG

# **Baltic Flour Mills Visual Arts Trust**

## **Trustees' Report**

The Trustees present their strategic review for the year ended 31 March 2021.

### **Objectives and Activities**

#### **Objects of the Trust**

The Trust's general objects are:

- The advancement of contemporary visual arts and the education of the public in the understanding and appreciation of the arts in general
- The provision and maintenance of the Baltic Flour Mills buildings in Gateshead as a base for the production and presentation of contemporary visual art and the arts in general and as a fully accessible centre in which the public may explore, understand and enjoy them.

#### **Aims of the Trust**

The Charity's principal aim is to enrich people's lives with a programme that deepens knowledge, understanding and the appreciation of contemporary visual art. This is captured in the mission statement:

"BALTIC will create greater understanding of the world through outstanding, experimental and inspiring visual art which has power, relevance and meaning for individuals and communities."

#### **Activities**

BALTIC is the largest contemporary arts organisation in the UK. With no permanent collection we are a producing organisation that connects artists and audiences through exhibitions, participation, performance, artist development, community and public programmes and visitor experiences. We work in collaboration with key strategic partners; Arts Council England, Gateshead Council and Northumbria University.

Since opening in 2002, BALTIC has presented over 226 exhibitions by 476 artists of 64 nationalities and welcomed more than 8 million visitors. Before the pandemic we welcomed c500,000 visits p/a and between 2018 and 2021, 638,350 people engaged with our Learning and Civic Engagement programme.

Over the last year, our homes have become our workplaces, our schools and our third spaces housing our professional, personal, educational, faith-led and social personas.

At the height of the pandemic, 70 of BALTIC's 92 employees were furloughed and throughout financial year 2020/21 the gallery opened for only 87 days to just under 39,000 people. However, whilst we've been less able to congregate and create together face to face, BALTIC has nonetheless still continued to connect with individuals and communities across Gateshead, the North East and more widely, nationally and globally; remotely exchanging ideas, activity, imagery and conversation to explore at home and in very local surroundings.

Focussing on motivation, occupation and moments of social and creative exchange, BALTIC distributed cultural newspapers, walking trails, creative care packs, food and creative provision, zines and artist-designed postcards to over 21,000 doorsteps and through BALTIC Open Out, installed 30 images from the BALTIC Open Submission; our first major open-call exhibition of work by 158 artists and makers based in the North East; at 920 sites across the city to be happened upon on daily wanderings.

# Baltic Flour Mills Visual Arts Trust

## Trustees' Report

This year, BALTIC has also been more determined than ever to keep food and creative commitments to families living in poverty. Our Art Lab programme, designed with and for Gateshead families who usually access free-school meals, saw a 318% growth across the year, as people were pushed further into unacceptable hardship. Through Art Lab we provided 5,312 meals to 112 families across each school holiday. 92% of participants found it very helpful to receive food provision and 100% felt Art Lab provided ways to connect with new people. Families told us about the positive mental health impacts - encouraging familial bonding, combating loneliness, and providing structure to young peoples' days during lockdown and self-isolation.

In September 2020, we launched Front Room, a new space of safe congregation and kind conversation offering free hospitality, served by mental-health-first-aid trained staff. In Front Room, the gesture of a free cup of tea became a radical act of kindness, breaking down covid-made barriers; students revising together in the 'only space they didn't feel judged for "spreading" Covid' and families who initiated impromptu raves!

With our galleries shut for nine of 2021/2's twelve months, we continued publishing reimagined content for those with digital access. Virtual versions of the Imran Peretta's the destructors and Abel Rodriguez's self-titled exhibition included expanded and extensive installation photography alongside access to full-length videos featured in the (physical) exhibitions. This included the 16-minute film Abel and the 24-minute 2020 eponymous commission the destructors. Building on this, 3D virtual tours of three further exhibitions; The Making of Husbands: Christina Ramberg in Dialogue, BALTIC Open Submission and Huma Bhabha's Against Time enabled digital movement around the art works and exhibition, augmented with caption/text information.

For family audiences a weekly Meet & Make Online video offered a digital creative video similar to the artist-led sessions that would have taken place each Sunday in the building. Making these videos available on two main platforms saw 13,522 YouTube views and 110,405 Facebook views. They not only provided a growing catalogue of videos to inspire whilst in lockdown and time indoors increased but maintained contractual support of freelance artists who devised and filmed their activity sessions.

For adult audiences our public programme season titled Gardening the Mind (November 2020 - March 2021), focused on mental health, and was conceived through the metaphor of the mind as a garden that we all need to collectively and continuously tend to. Together with For All I Care, a 5-part podcast series in collaboration with Wellcome Collection, these series' presented contributions from the worlds of contemporary art, science and health and aimed to be inclusive and accessible, respectful and sensitive without fetishising or sensationalising bodies or experiences. They centred the voices of racialised minorities, disabled and/or chronically ill people, either as leading artists or participants and foregrounded the role of art in challenging and empowering individuals and communities.

These programmes contributed to an online visitor figure of 223,760. We know that during this period, our content encouraged more non-regular visitors to access us and that 16% of respondents identified as being D/deaf, a disabled person or as having a long-term health condition.

Determined to support our sector, BALTIC commissioned 56% more artists than the year before; 33% identified as Black, Indigenous or Persons of Colour; and as chair of the Contemporary Visual Arts Network, BALTIC led on the formation of the new Visual Arts Alliance. The #ArtIsEssential online campaign raised visibility of the strategic importance of our sector, during and post-covid, ahead of the 2021 Spending Review.

An organization-wide 'foundational' training programme active throughout 2020/21 supported colleagues to action all of the above and become a more inclusive employer and active member of society. Working in partnership with Children North East, Show Racism the Red Card and Curious Arts this training programme developed greater awareness of the intersectional impacts of poverty, racism, and orientationism.

# **Baltic Flour Mills Visual Arts Trust**

## **Trustees' Report**

It continues to support the organisation to identify, reduce and remove institutional barriers and structural biases in favour of an equitable and sustainable foundation from which to move forward.

### **Risk Management**

BALTIC has adopted a risk management strategy. The risk management strategy forms part of BALTIC's overall internal control structure and corporate governance arrangements. The strategy provides definitions of relevant terminology and details responsibility and accountability within BALTIC. The strategy also describes the management process, including the identification and measurement of risk and the main reporting arrangements.

Risk Appetite is the term used to determine the amount of risk that is appropriate for BALTIC. Risks are considered on an individual basis using a risk model to determine the impact and likelihood of a potential risk and the appropriate response to the outcome of measuring each risk.

The Risk Register is reported to the Trust and Audit Committee as appropriate.

The significant risks identified are:

- Loss of stakeholder income – as Arts Council England's largest visual arts National Portfolio Organisation BALTIC is particularly exposed to changes in government policy for arts funding. Whilst BALTIC has been successful in minimising the impact of possible reductions in stakeholder funding, it remains a significant risk.
- The general economic climate remains a risk to BALTIC in terms of achieving appropriate and adequate levels of earned income, through its subsidiary Baltic Contemporary Visual Arts Trading Limited, to deliver planned levels of charitable activity.

### **Financial Review**

The financial statements for the year to 31 March 2021 show net income of £397,836 (2020 - net income £105,426). This is after reflecting a £183,000 loss (2020: £79,000 loss) in relation to the defined benefit pension scheme.

### **Principal funding sources**

BALTIC meets its funding needs from the following principal sources: Arts Council England, Gateshead Council, charitable donations from individuals and trusts and foundations, and from earned income including sponsorship, corporate membership, retailing, catering, facility hire and car parking fees.

### **Policy on reserves**

The Trust has established sufficient reserves to ensure that it is in a robust financial position with the ability to respond to any immediate and unforeseen funding shortfalls or enforced changes in its underlying financial model in a planned way.

In addition the Trust has established a significant designated reserve to ensure we can fulfil our obligations to maintain the fabric of the BALTIC.

# **Baltic Flour Mills Visual Arts Trust**

## **Trustees' Report**

### **Financial risk management policy**

The Trust's principal financial instruments comprise cash and cash equivalents. Other financial assets and liabilities, such as trade creditors and trade debtors, arise directly from the Trust's operating activities.

The main risks associated with the Trust's financial assets and liabilities are set out below. The Trust does not undertake any hedging activity and any significant financial risks are addressed on a case-by-case basis.

### **Interest rate risk**

The Trust invests surplus cash in floating rate interest yielding bank accounts, therefore financial assets, interest income and cash flows can be affected by movements in interest rates. However, the Trustees do not consider there to be any significant exposure. The Trust has no bank borrowings.

### **Price risk**

There is no significant exposure to changes in the carrying value of financial liabilities.

### **Credit risk**

The Trust's policy is aimed at minimising such losses. Individual exposures and overdue debts are monitored with customers to ensure that the Trust's exposure to bad debts is not significant.

### **Liquidity risk**

The Trust aims to mitigate liquidity risk by managing cash generated by its operations. Flexibility is maintained by retaining surplus cash in readily accessible bank deposit accounts. Limits on spending authority are in place.

### **Foreign currency risk**

There are minimal transactions in foreign currency. As a result, no hedging activity is undertaken to mitigate this risk.

### **Investment policy**

The Trust ensures that any investment strategy it adopts does not put at adverse risk any of the assets it is responsible for.

Funds are placed on deposit at the highest possible interest rates, consistent with cash flow requirements.

### **Plans for future periods and post COVID-19 recovery**

In 2017 BALTIC prepared a detailed Business Plan for the period 2018-22, reflecting the ambitions of our successful National Portfolio Organisation application for £12.6m to Arts Council England. This plan was reviewed in 2018, confirming our core mission which will shape planning over the coming year. Our mission is to create greater understanding of the world through outstanding, experimental and inspiring contemporary art which has power, relevance and meaning for individuals and communities.

# Baltic Flour Mills Visual Arts Trust

## Trustees' Report

In response to the pandemic and the devastating impact on our communities regarding a deeply challenging local economic impact - 600,000 young people projected to be unemployed by the end of 2020; higher numbers claiming Universal Basic Income than during the height of the Economic recession in the 1980's; coupled with the significant impact on BALTIC's self-generated income over 2020/21 means we are refocusing our purpose and mission to ensure the deepest relevance of BALTIC as an anchor institution in Newcastle Gateshead as well as the wider North East.

This will involve a refocusing of our strategic priorities and an approach that focuses strongly on key impacts and outcomes for our communities. This will be aligned with the ACE new Strategic Plan Lets Create (2020-2030) which has currently been delayed due to the pandemic.

The focus for planning going forward will be to ensure our relevance to the post pandemic context as an anchor arts organisation, while developing a more explicit social purpose embedded in the delivery of our new vision.

This will be expressed through an artistic programme that is of exceptional quality and has relevance and meaning in people's lives; a civic programme that brings artists, individuals and communities together to examine the world and explore societal challenges; and a focus on ensuring that a more diverse range of people experience the artistic programme both at BALTIC and in local communities.

The strategic objectives for BALTIC that will be evolved over the period Jan - March 2021 will be developed in response to our existing Strategic Objectives outlined below, and refocused and reprioritised on the basis of our new post pandemic reality.

**Strategic Objective 1:** Develop and enhance BALTIC's reputation as an outstanding international art space, commissioning producing and presenting innovative new work by a diverse range of artists that is conceptually rigorous, inspired by new perspectives and practices, has relevance and meaning for a wide range of audiences, and has the power to inspire ways of understanding the world.

**Strategic Objective 2:** Deepen engagement, appreciation and enjoyment of international contemporary art, continuing to develop BALTIC's position as an international leader not only in contemporary art production and presentation, but in creating innovative approaches that deepen engagement with diverse audiences and communities across all of our activities.

**Strategic Objective 3:** Increase BALTIC's resilience and deliver positive financial results.

**Strategic Objective 4:** Advance BALTIC's sectoral leadership through sustainable and dynamic networks, partnerships and collaborations that embrace innovation, diversity and excellence.

**Strategic Objective 5:** Enhance the capacity for children and young people from diverse backgrounds to engage with and affect their world through their involvement with BALTIC's programmes.

### The Trust's strategy for achieving the strategic objectives

- Deliver and monitor the organisational Business Plan in line with Arts Council England's National Portfolio funding agreement
- Maintain open and regular communication with Gateshead Council, Arts Council England and Northumbria University as a basis for ensuring mutually supportive and beneficial relationships
- Further strengthen the artistic programme by working with significant and internationally acclaimed artists and by establishing relationships with major international institutions
- Ensure that financial resources are used as effectively as possible and strive for greater efficiency across the organisation



# Baltic Flour Mills Visual Arts Trust

## Trustees' Report

- Maximise self-generated income across trading activities, trusts and foundations, individual giving and corporate and strategic partnerships thereby making the organisation more resilient to fluctuations in public funding
- Develop the Environmental Action Plan to ensure that the organisation's impact on the environment is monitored and minimised
- Continue to promote and prioritise equality and diversity across all areas of BALTIC's activities and operations by implementing and monitoring effective action plans
- Continue to deliver learning and engagement programmes that create demonstrable impact with individuals and communities
- Continue to build intelligence on audience motivations, expectations and needs to inform the implementation of BALTIC's audience development strategy
- Provide a consistent and excellent service for all visitors and users of BALTIC

## Fundraising

The charity is required to report how it deals with fundraising from the public. The charity does not use a professional fundraiser or commercial participator to raise funds. Any monies raised direct from the public follows all guidelines set out by the Charity Commission and UK law in every respect. We respect the privacy and contact preferences of all public donors.

## Structure, governance and management

### Governing document

The Trust is a charitable company limited by guarantee and was incorporated on 29 June 1998. It is governed by Memorandum and Articles of Association as amended and adopted on 15 July 2013.

### Recruitment and appointment of new Trustees

From time to time it is necessary for the Trust to recruit new Trustees to replace those that have either resigned during their term of office, or by way of anticipating planned retirements after the completion of either a single term of three years, or a maximum period of six years, being two terms of three years.

It is the Trust's normal practice to place regional and national advertisements which invite interested and suitably experienced people to apply to be a Trustee, alongside making informal approaches to individuals who are already known to the Trust and who appear to have the necessary qualities and interest in what we do. Although not strictly a *public appointment*, when setting out the essential requirements of potential Trustees, the Trust chooses to make it known that it expects appointees to follow the seven principles of public life as defined by the Committee on Standards in Public Life.

Short-listed applicants are interviewed and assessed by a panel of existing Trustees chaired by the Chair of the Board. Appointments are subsequently recommended to the Board and approved by members of the company at the next General Meeting.

### Induction and training of Trustees

The induction and training of Trustees is the responsibility of the Chair and is arranged on an individual or collective basis as appropriate. The Board of Trustees has introduced formal training sessions for the Board as a whole as and when appropriate.

# **Baltic Flour Mills Visual Arts Trust**

## **Trustees' Report**

All Trustees, as well as certain senior staff and the directors of the trading company, are required to declare, and maintain as continuing to be accurate, a declaration of interests. The Audit Committee review the Register of Interests on an annual basis.

### **Arrangements for setting key management personnel remuneration**

The board, who give their time freely and no trustees received remuneration in the year, have considered who the Key Management Personnel (KMP) of the charity, as noted in the reference and administration section. Together with the board, these KMP are those in charge of directing and controlling, running and operating the activities of the charity on a day to day basis.

The pay of the KMP is reviewed annually and potentially increased in accordance with pay proposals considered by the trustees for the salary structure of the whole organisation. The trustees' benchmark against pay levels of other charities and similar organisations within the sector and the region. Pay levels are set using this information together with budget and forecast information, ensuring that the charity can afford any proposed increases. The board then agree any uplift to remuneration.

### **Organisational structure**

BALTIC is governed by a Board of Trustees. The Chair of the Board is selected and elected by the Board, provided always that he/she shall be a director nominated by BALTIC's stakeholders; being Gateshead Council and Arts Council England. In determining its organisational structure, BALTIC has distinct duties for the Chair, Board of Trustees, and Director (who is the Chief Executive).

The Board meets four times a year, or as is required to deal with any specific issues. Issues concerning finance, including financial regulations, premises, asset management, the letting of significant contracts are scrutinized and overseen by the Finance and Audit Committee which meets three times a year or more frequently as required. The Finance and Audit Committee is chaired by a co-opted member, independent from the Board of Trustees. The Finance and Audit Committee membership is required, as set out in the terms of reference, to be made up of a combination of the Board of Trustees, and members independent of management of the Trust and any subsidiaries. Trustee members however will always remain in the majority of this Committee.

BALTIC has a wholly owned trading subsidiary, independent of the Board of Trustees to oversee and scrutinize the management of commercial enterprises.

### **Relationships with related parties**

The Trust has a wholly owned subsidiary company, Baltic Contemporary Visual Arts Trading Limited, the principal activity of which is the provision of catering, retail, corporate sponsorship and room hire services. The surplus generated by the company is gifted to the Trust (see note 2 to the financial statements).

### **Going concern**

The charity's forecasts and projections for the next twelve months show that the charity should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the charity of possible future scenarios arising from the impact of COVID-19. This also considers the effectiveness of available measures to assist in mitigating the impact. The charity and its trading subsidiaries have strong positive cash balances and is forecasting for this to continue to be the case. The trustees have stress tested their forecasts, taking into account various scenarios, and remain confident that the uncertainties do not cast significant doubt on the company's ability to continue as a going concern.

# Baltic Flour Mills Visual Arts Trust

## Trustees' Report

### Statement of Trustees' Responsibilities

The trustees (who are also the directors of Baltic Flour Mills Visual Arts Trust for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

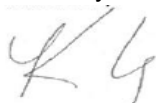
### Disclosure of information to auditor

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

### Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of MHA Tait Walker as auditors of the charity is to be proposed at the forthcoming Annual General Meeting.

The annual report was approved by the trustees of the charity on 21.10/21. and signed on its behalf by:



.....  
K Lang  
Chair and Trustee

# **Baltic Flour Mills Visual Arts Trust**

## **Independent Auditor's Report to the Members of Baltic Flour Mills Visual Arts Trust**

### **Opinion**

We have audited the financial statements of Baltic Flour Mills Visual Arts Trust (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 March 2021, which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2021 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

# **Baltic Flour Mills Visual Arts Trust**

## **Independent Auditor's Report to the Members of Baltic Flour Mills Visual Arts Trust**

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the financial statements and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the financial statements and Trustee's Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the financial statements and the Trustee's Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 9), the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

## Baltic Flour Mills Visual Arts Trust

### Independent Auditor's Report to the Members of Baltic Flour Mills Visual Arts Trust

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing board minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Review financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); and compliance with the UK Companies Act and Charities Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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 auditor's report.

#### Use of our report

This report is made solely to the charitable parent company's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable parent company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Brown BA ACA DChA (Senior Statutory Auditor)  
For and on behalf of MHA Tait Walker  
Chartered Accountants  
Statutory Auditor  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

Date: 2/10/2021

MHA Tait Walker is a trading name of Tait Walker LLP.

## Baltic Flour Mills Visual Arts Trust

### Consolidated Statement of Financial Activities for the Year Ended 31 March 2021

#### (Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted £	Restricted £	Total 2021 £	Total 2020 £
<b>Income and Endowments from:</b>					
Donations and legacies	3	3,890,193	21,797	3,911,990	3,568,661
Charitable activities	4	83,359	-	83,359	201,707
Other trading activities	5	540,962	-	540,962	1,537,874
Investment income	6	4,135	-	4,135	13,564
Other income		103,868	-	103,868	165,637
Total Income		<u>4,622,517</u>	<u>21,797</u>	<u>4,644,314</u>	<u>5,487,443</u>
<b>Expenditure on:</b>					
Raising funds		(480,420)	-	(480,420)	(780,890)
Charitable activities	7	<u>(3,554,771)</u>	<u>(29,287)</u>	<u>(3,584,058)</u>	<u>(4,522,127)</u>
Total Expenditure		<u>(4,035,191)</u>	<u>(29,287)</u>	<u>(4,064,478)</u>	<u>(5,303,017)</u>
Net income/(expenditure)		587,326	(7,490)	579,836	184,426
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes		<u>(183,000)</u>	<u>-</u>	<u>(183,000)</u>	<u>(79,000)</u>
Net movement in funds		404,326	(7,490)	396,836	105,426
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>2,611,031</u>	<u>36,135</u>	<u>2,647,166</u>	<u>2,541,740</u>
Total funds carried forward	21	<u>3,015,357</u>	<u>28,645</u>	<u>3,044,002</u>	<u>2,647,166</u>

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

The funds breakdown for 2020 is shown in note 21.

## Baltic Flour Mills Visual Arts Trust

### Comparative Consolidated Statement of Financial Activities for the Year Ended 31 March 2020

#### (Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted £	Restricted £	Total 2020 £
<b>Income and Endowments from:</b>				
Donations and legacies	3	3,482,245	86,416	3,568,661
Charitable activities	4	201,707	-	201,707
Other trading activities	5	1,537,874	-	1,537,874
Investment income	6	13,564	-	13,564
Other income		165,637	-	165,637
Total income		<u>5,401,027</u>	<u>86,416</u>	<u>5,487,443</u>
<b>Expenditure on:</b>				
Raising funds		(780,890)	-	(780,890)
Charitable activities	7	<u>(4,426,202)</u>	<u>(95,925)</u>	<u>(4,522,127)</u>
Total expenditure		<u>(5,207,092)</u>	<u>(95,925)</u>	<u>(5,303,017)</u>
Net income/(expenditure)		193,935	(9,509)	184,426
Transfers between funds		(1,543)	1,543	-
<b>Other recognised gains and losses</b>				
Actuarial gains on defined benefit pension schemes		<u>(79,000)</u>	<u>-</u>	<u>(79,000)</u>
Net movement in funds		113,392	(7,966)	105,426
<b>Reconciliation of funds</b>				
Total funds brought forward		<u>2,497,639</u>	<u>44,101</u>	<u>2,541,740</u>
Total funds carried forward	21	<u><u>2,611,031</u></u>	<u><u>36,135</u></u>	<u><u>2,647,166</u></u>



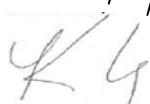
# Baltic Flour Mills Visual Arts Trust

(Registration number: 03589539)

## Consolidated Balance Sheet as at 31 March 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	14	1,111,650	1,043,984
<b>Current assets</b>			
Stocks	16	114,833	126,838
Debtors	17	460,353	589,665
Cash at bank and in hand		<u>2,137,552</u>	<u>1,473,156</u>
		2,712,738	2,189,659
<b>Creditors: Amounts falling due within one year</b>	18	<u>(483,386)</u>	<u>(471,477)</u>
<b>Net current assets</b>		<u>2,229,352</u>	<u>1,718,182</u>
<b>Net assets excluding pension liability</b>		3,341,002	2,762,166
<b>Pension scheme liability</b>	20	<u>(297,000)</u>	<u>(115,000)</u>
<b>Net assets including pension liability</b>		<u>3,044,002</u>	<u>2,647,166</u>
<b>Funds of the group:</b>			
<b>Restricted income funds</b>			
Restricted funds	21	28,645	36,135
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>3,015,357</u>	<u>2,611,031</u>
<b>Total funds</b>	21	<u>3,044,002</u>	<u>2,647,166</u>

The financial statements on pages 13 to 36 were approved by the trustees, and authorised for issue on 21.10.21 and signed on their behalf by:



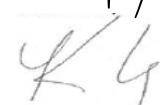
.....  
K Lang  
Chair and Trustee

# Baltic Flour Mills Visual Arts Trust

(Registration number: 03589539)  
Balance Sheet as at 31 March 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	14	768,410	678,688
Investments	15	<u>2</u>	<u>2</u>
		<u>768,412</u>	<u>678,690</u>
<b>Current assets</b>			
Debtors	17	836,589	642,092
Cash at bank and in hand		<u>2,064,231</u>	<u>1,162,020</u>
		2,900,820	1,804,112
<b>Creditors: Amounts falling due within one year</b>	18	<u>(382,817)</u>	<u>(340,432)</u>
<b>Net current assets</b>		<u>2,518,003</u>	<u>1,463,680</u>
<b>Net assets excluding pension liability</b>		3,286,415	2,142,370
<b>Pension scheme liability</b>	20	<u>(297,000)</u>	<u>(115,000)</u>
<b>Net assets including pension liability</b>		<u>2,989,415</u>	<u>2,027,370</u>
<b>Funds of the charity:</b>			
<b>Restricted</b>		28,645	36,135
<b>Unrestricted income funds</b>			
Unrestricted		<u>2,960,770</u>	<u>1,991,235</u>
<b>Total funds</b>	21	<u>2,989,415</u>	<u>2,027,370</u>

The financial statements on pages 13 to 36 were approved by the trustees, and authorised for issue on 21/11/21 and signed on their behalf by:



K Lang  
Chair and Trustee

# Baltic Flour Mills Visual Arts Trust

## Consolidated Statement of Cash Flows for the Year Ended 31 March 2021

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Net cash income		396,836	105,426
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation		82,868	77,842
Investment income	6	<u>(4,135)</u>	<u>(13,564)</u>
		475,569	169,704
<b>Working capital adjustments</b>			
Decrease/(increase) in stocks	16	12,005	(20,076)
Decrease/(increase) in debtors	17	129,312	(99,762)
Increase/(decrease) in creditors	18	11,909	(7,857)
Increase/(decrease) in retirement benefit obligation net of actuarial changes	20	<u>182,000</u>	<u>86,000</u>
Net cash flows from operating activities		<u>810,795</u>	<u>128,009</u>
<b>Cash flows from investing activities</b>			
Interest receivable and similar income	6	4,135	13,564
Purchase of tangible fixed assets	14	<u>(150,534)</u>	<u>(220,820)</u>
Net cash flows from investing activities		<u>(146,399)</u>	<u>(207,256)</u>
Net increase/(decrease) in cash and cash equivalents		664,396	(79,247)
Cash and cash equivalents at 1 April		<u>1,473,156</u>	<u>1,552,403</u>
Cash and cash equivalents at 31 March		<u><u>2,137,552</u></u>	<u><u>1,473,156</u></u>

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

# **Baltic Flour Mills Visual Arts Trust**

## **Notes to the Financial Statements for the Year Ended 31 March 2021**

### **1 Charity status**

The charity is limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £Nil towards the assets of the charity in the event of liquidation.

The address of its registered office is: Baltic Centre For Contemporary Art, Gateshead Quays, South Shore Road, Gateshead, Tyne & Wear, NE8 3BA

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Statement of compliance**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). They also comply with the Companies Act 2006 and Charities Act 2011.

#### **Basis of preparation**

Baltic Flour Mills Visual Arts Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements are prepared in sterling which is the functional currency of the entity.

#### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the charity and its subsidiary undertakings drawn up to 31 March 2021.

No statement of financial activities is presented for the charity as permitted by section 408 of the Companies Act 2006. The charity made a surplus after tax for the financial year of £962,045 (2020-surplus of £94,979).

# **Baltic Flour Mills Visual Arts Trust**

## **Notes to the Financial Statements for the Year Ended 31 March 2021**

### **Going concern**

The charity's forecasts and projections for the next twelve months show that the charity should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the charity of possible future scenarios arising from the impact of COVID-19. This also considers the effectiveness of available measures to assist in mitigating the impact. The charity and its trading subsidiary have strong positive cash balances and is forecasting for this to continue to be the case. The trustees have stress tested their forecasts, taking into account various scenarios, and remain confident that the uncertainties do not cast significant doubt on the company's ability to continue as a going concern.

### **Estimation uncertainty and judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported.

There are considered to be no significant judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies which effect the amounts recognised in the financial statements.

### **Income and endowments**

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

### **Donations and legacies**

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

### **Grants receivable**

Grants are recognised when the group has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

### **Other trading activities**

Income from trading activities is accounted for when earned.

### **Investment income**

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

### **Charitable activities**

Income from Charitable activities is accounted for when earned.

# **Baltic Flour Mills Visual Arts Trust**

## **Notes to the Financial Statements for the Year Ended 31 March 2021**

### **Expenditure**

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

All resources expended are inclusive of irrecoverable VAT.

### ***Raising funds***

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

### ***Charitable activities***

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

### **Support costs**

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

### **Governance costs**

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

### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grant will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

Government grants included within other operating income includes the UK Government assistance provided through Coronavirus Job Retention Scheme during the Covid-19 pandemic.

### **Irrecoverable VAT**

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

### **Taxation**

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

# Baltic Flour Mills Visual Arts Trust

## Notes to the Financial Statements for the Year Ended 31 March 2021

### Tangible fixed assets

Individual fixed assets costing £2,500.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

### Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Fixtures & Fittings	over 5 to 10 years straight line
Computer Equipment	3 years straight line
Leasehold Property Improvements	over the life of the lease

### Impairment of fixed assets

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

### Stock

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less any further costs to be incurred on disposal.

### Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

### Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

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

### Fund structure

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the group.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

# Baltic Flour Mills Visual Arts Trust

## Notes to the Financial Statements for the Year Ended 31 March 2021

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

### Operating leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight line basis over the lease term.

### Pensions and other post retirement obligations

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

### Defined Benefit Pension Plan

The company recognises a defined net benefit pension asset or liability in the statement of financial position as the net total of the present value of its obligations and the fair value of plan assets out of which the obligations are to be settled.

Changes in the net defined benefit asset or liability arising from employee service are recognised in income or expenditure as a current service cost where it relates to services in the current period and as a past service cost where it relates to services in prior periods. Costs relating to plan introductions, benefit changes, curtailments and settlements are recognised in income or expenditure in the period in which they occur.

### Financial instruments

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

## 3 Income from donations and legacies

	Unrestricted funds General £	Restricted funds £	Total 2021 £
Donations and legacies;			
Donations	17,889	-	17,889
Grants, including capital grants;			
Grants	3,457,916	21,797	3,479,713
Grants - CJRS	414,388	-	414,388
	<u>3,890,193</u>	<u>21,797</u>	<u>3,911,990</u>



# Baltic Flour Mills Visual Arts Trust

## Notes to the Financial Statements for the Year Ended 31 March 2021

	Unrestricted funds General £	Restricted funds £	Total 2020 £
Donations and legacies;			
Donations	59,593	-	59,593
Grants, including capital grants;			
Grants	<u>3,422,652</u>	<u>86,416</u>	<u>3,509,068</u>
	<u>3,482,245</u>	<u>86,416</u>	<u>3,568,661</u>

### 4 Income from charitable activities

	Unrestricted funds General £	Total 2021 £
Charitable activity income	<u>83,359</u>	<u>83,359</u>
	Unrestricted funds General £	Total 2020 £
Charitable activity income	<u>201,707</u>	<u>201,707</u>

### 5 Income from other trading activities

	Unrestricted funds General £	Total 2021 £
Trading income;		
Sales of goods and services	348,221	348,221
Sponsorship income	178,640	178,640
Other income from other trading activities	<u>14,101</u>	<u>14,101</u>
	<u>540,962</u>	<u>540,962</u>
	Unrestricted funds General £	Total 2020 £
Trading income;		
Sales of goods and services	1,223,404	1,223,404
Sponsorship income	206,983	206,983
Other income from other trading activities	<u>107,487</u>	<u>107,487</u>
	<u>1,537,874</u>	<u>1,537,874</u>

# Baltic Flour Mills Visual Arts Trust

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 6 Investment income

	Unrestricted funds General £	Total 2021 £
Interest receivable and similar income; Interest receivable on bank deposits	4,135	4,135
	<u>4,135</u>	<u>4,135</u>
	Unrestricted funds General £	Total 2020 £
Interest receivable and similar income; Interest receivable on bank deposits	13,564	13,564
	<u>13,564</u>	<u>13,564</u>

### 7 Expenditure on charitable activities

	Unrestricted funds		Restricted funds	Total 2021
	Designated	General		
	£	£	£	£
Arts Programme	-	750,031	5,194	755,225
Learning Programme	-	828,137	16,583	844,720
Support costs	23,707	1,952,896	7,510	1,984,113
	<u>23,707</u>	<u>3,531,064</u>	<u>29,287</u>	<u>3,584,058</u>
	Unrestricted funds		Restricted funds	Total 2020
	Designated	General		
	£	£	£	£
Arts Programme	-	1,303,454	73,707	1,377,161
Learning Programme	-	554,816	11,512	566,328
Support costs	40,375	2,527,557	10,706	2,578,638
	<u>40,375</u>	<u>4,385,827</u>	<u>95,925</u>	<u>4,522,127</u>
		Activity undertaken directly	Activity support costs	2021
		£	£	£
Arts Programme		755,225	930,175	1,685,400
Learning Programme		844,720	1,040,402	1,885,122
Governance costs		-	13,536	13,536
		<u>1,599,945</u>	<u>1,984,113</u>	<u>3,584,058</u>

# Baltic Flour Mills Visual Arts Trust

## Notes to the Financial Statements for the Year Ended 31 March 2021

	Activity undertaken directly £	Activity support costs £	2020 £
Arts Programme	1,377,161	1,817,418	3,194,579
Learning Programme	566,328	747,374	1,313,702
Governance costs	-	13,846	13,846
	<u>1,943,489</u>	<u>2,578,638</u>	<u>4,522,127</u>

### 8 Analysis of governance and support costs

#### Support costs allocated to charitable activities

	Governance costs £	Arts Programme £	Learning Programme £	Total 2021 £
Finance costs	-	413	461	874
Information technology	-	20,196	22,590	42,786
Staff costs	-	420,027	469,801	889,828
Premises costs including depreciation	-	301,363	337,074	638,437
Other support costs	13,536	188,176	210,476	412,188
	<u>13,536</u>	<u>930,175</u>	<u>1,040,402</u>	<u>1,984,113</u>
	Governance costs £	Arts Programme £	Learning Programme £	Total 2020 £
Finance costs	-	650	268	918
Information technology	-	44,198	18,176	62,374
Staff costs	-	599,566	246,559	846,125
Premises costs including depreciation	-	811,793	333,832	1,145,625
Other support costs	13,846	361,211	148,539	523,596
	<u>13,846</u>	<u>1,817,418</u>	<u>747,374</u>	<u>2,578,638</u>

### 9 Net incoming/outgoing resources

Net incoming resources for the year include:

	2021 £	2020 £
Audit fees	10,250	10,700
Depreciation of fixed assets	<u>82,868</u>	<u>77,842</u>

# Baltic Flour Mills Visual Arts Trust

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 10 Trustees remuneration and expenses

£Nil (2020: £170) of expenses were reimbursed to Trustees during the year.

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

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

### 11 Staff costs

The aggregate payroll costs were as follows:

	2021 £	2020 £
<b>Staff costs during the year were:</b>		
Wages and salaries	1,982,928	1,901,246
Social security costs	139,230	154,702
Pension costs	121,549	136,539
	<u>2,243,707</u>	<u>2,192,487</u>

The monthly average number of persons (including senior management team) employed by the group during the year was as follows:

	2021 No	2020 No
Administrative staff	<u>79</u>	<u>88</u>

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

	2021 No	2020 No
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
£90,001 - £100,000	<u>1</u>	<u>2</u>

The total employee benefits of the key management personnel of the group were £236,515 (2020 - £251,532).

### 12 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	<u>10,250</u>	<u>10,700</u>
<b>Other fees to auditors</b>		
All other non-audit services	<u>6,560</u>	<u>4,450</u>

# Baltic Flour Mills Visual Arts Trust

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 13 Taxation

The group is a registered charity and is therefore 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.

### 14 Tangible fixed assets

#### Group

	<b>Furniture and equipment £</b>
<b>Cost</b>	
At 1 April 2020	1,438,100
Additions	<u>150,534</u>
At 31 March 2021	<u>1,588,634</u>
<b>Depreciation</b>	
At 1 April 2020	394,116
Charge for the year	<u>82,868</u>
At 31 March 2021	<u>476,984</u>
<b>Net book value</b>	
At 31 March 2021	<u>1,111,650</u>
At 31 March 2020	<u>1,043,984</u>
<b>Charity</b>	
	<b>Furniture and equipment £</b>
<b>Cost</b>	
At 1 April 2020	1,028,214
Additions	<u>150,534</u>
At 31 March 2021	<u>1,178,748</u>
<b>Depreciation</b>	
At 1 April 2020	349,526
Charge for the year	<u>60,812</u>
At 31 March 2021	<u>410,338</u>
<b>Net book value</b>	
At 31 March 2021	<u>768,410</u>
At 31 March 2020	<u>678,688</u>

# Baltic Flour Mills Visual Arts Trust

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 15 Fixed asset investments

#### Charity

#### Shares in group undertakings and participating interests

	Subsidiary undertakings £	Total £
<b>Cost</b>		
At 1 April 2020	2	2
At 31 March 2021	2	2
<b>Net book value</b>		
At 31 March 2021	2	2
At 31 March 2020	2	2

#### Details of undertakings

Details of the investments in which the charity holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held		Principal activity
			2021	2020	
Baltic Contemporary Visual Arts Trading Limited	England and Wales	Ordinary	100%	100%	The provision of catering, retail, business sponsorship and room hire services

The profit for the financial period of Baltic Contemporary Visual Arts Trading Limited was £30,079 (2020: £619,796) and the aggregate amount of capital and reserves at the end of the period was £54,589 (2020: £619,798)

# Baltic Flour Mills Visual Arts Trust

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 16 Stock

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Finished goods	<u>114,833</u>	<u>126,838</u>	<u>-</u>	<u>-</u>

### Group

### 17 Debtors

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	98,093	239,282	16,246	105,831
Due from group undertakings	-	-	446,683	160,846
Prepayments and accrued income	324,881	350,383	336,281	375,415
VAT recoverable	<u>37,379</u>	<u>-</u>	<u>37,379</u>	<u>-</u>
	<u>460,353</u>	<u>589,665</u>	<u>836,589</u>	<u>642,092</u>

### 18 Creditors: amounts falling due within one year

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	212,822	197,887	172,015	160,580
Other taxation and social security	38,713	84,793	30,111	44,880
Accruals and deferred income	<u>231,851</u>	<u>188,797</u>	<u>180,691</u>	<u>134,972</u>
	<u>483,386</u>	<u>471,477</u>	<u>382,817</u>	<u>340,432</u>

### Deferred income

#### Group

	2021	2020
	£	£
Deferred income at 1 April 2020	98,260	127,674
Resources deferred in the period	114,580	98,260
Amounts released from previous periods	<u>(98,260)</u>	<u>(127,674)</u>
Deferred income at year end	<u>114,580</u>	<u>98,260</u>

#### Charity

	2021	2020
	£	£
Deferred income at 1 April 2020	50,747	86,192
Resources deferred in the period	76,791	50,747
Amounts released from previous periods	<u>(50,747)</u>	<u>(86,192)</u>
Deferred income at year end	<u>76,791</u>	<u>50,747</u>

# Baltic Flour Mills Visual Arts Trust

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 19 Obligations under leases and hire purchase contracts

#### Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
<b>Other</b>				
Within one year	702	702	702	702
Between one and five years	1,404	2,106	1,404	2,106
	<u>2,106</u>	<u>2,808</u>	<u>2,106</u>	<u>2,808</u>

### 20 Pension and other schemes

#### Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £91,551 (2020 - £92,539).

Contributions totalling £13,509 (2020 - £13,494) were payable to the scheme at the end of the year and are included in creditors.

#### Defined benefit pension schemes

##### Tyne & Wear Pension Fund

The Tyne & Wear Pension Fund is a funded defined benefit scheme, with the assets held in separate Trustee-administered funds.

The charity is an approved employer of the Tyne & Wear Pension Fund.

The total contribution made for the year ended 31 March 2021 was £36,000 of which employer's contributions totalled £31,000 and employees' contributions totalled £5,000.

The date of the most recent comprehensive actuarial valuation was 31 March 2019. A full actuarial valuation of the Tyne and Wear Pension Fund was carried out at 31 March 2019 by a qualified actuary. An actuarial valuation report as at 31 March 2021 has been prepared exclusively for the charity. The pension charges in the accounts reflect the advice given in the actuarial report as at 31 March 2021.

#### ***Reconciliation of scheme assets and liabilities to assets and liabilities recognised***

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

	2021 £	2020 £
Fair value of scheme assets	2,397,000	1,985,000
Present value of defined benefit obligation	<u>(2,694,000)</u>	<u>(2,100,000)</u>
Defined benefit pension scheme deficit	<u>(297,000)</u>	<u>(115,000)</u>



# Baltic Flour Mills Visual Arts Trust

## Notes to the Financial Statements for the Year Ended 31 March 2021

### *Defined benefit obligation*

Changes in the defined benefit obligation are as follows:

	<b>2021</b> <b>£</b>
Present value at start of year	2,100,000
Current service cost	27,000
Interest cost	48,000
Actuarial gains and losses	524,000
Benefits paid	(10,000)
Contributions by scheme participants	5,000
Present value at end of year	<u>2,694,000</u>

### *Fair value of scheme assets*

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

	<b>2021</b> <b>£</b>
Fair value at start of year	1,985,000
Interest income	45,000
Actuarial gains and losses	341,000
Employer contributions	31,000
Contributions by scheme participants	5,000
Benefits paid	(10,000)
Fair value at end of year	<u>2,397,000</u>

### *Analysis of assets*

The major categories of scheme assets are as follows:

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Equities	1,330,335	1,087,780
Property	189,363	178,650
Government bonds	52,734	81,385
Corporate bonds	474,606	303,705
Cash	95,880	45,655
Other	254,082	287,825
	<u>2,397,000</u>	<u>1,985,000</u>

### *Return on scheme assets*

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Return on scheme assets	<u>387,000</u>	<u>(57,000)</u>

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

# Baltic Flour Mills Visual Arts Trust

## Notes to the Financial Statements for the Year Ended 31 March 2021

### *Principal actuarial assumptions*

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

	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>
Discount rate	2.10	2.30
CPI inflation	2.60	1.90
Pension increases	2.60	1.90
Pension accounts revaluation rate	2.60	1.90
Salary increases	<u>4.10</u>	<u>3.40</u>

### *Post retirement mortality assumptions*

	<b>2021</b>	<b>2020</b>
	<b>Years</b>	<b>Years</b>
Current UK pensioners at retirement age - male	22.00	22.00
Current UK pensioners at retirement age - female	25.00	25.00
Future UK pensioners at retirement age - male	24.00	24.00
Future UK pensioners at retirement age - female	<u>27.00</u>	<u>27.00</u>

These are assumptions used purely for the calculations of the pension deficit and do not reflect the actuality of historical pay rises. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of the pension over employees' working lives with the company. A qualified actuary, on the basis of triennial valuations, using the projected unit method, determines the contributions.

In addition, as many unrelated employers participate in the Tyne and Wear Pension Fund there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All the risks above may also benefit the employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

# Baltic Flour Mills Visual Arts Trust

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 21 Funds

#### Group

	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2021 £
<b>Unrestricted funds</b>						
<i><b>General</b></i>						
General fund	1,584,350	4,622,517	(4,010,484)	(300,000)	-	1,896,383
<i><b>Designated</b></i>						
Capital replacement and renewal	1,141,681	-	(25,707)	-	-	1,115,974
Tyne & Wear Pension Fund	(115,000)	-	1,000	-	(183,000)	(297,000)
COVID Recovery	-	-	-	300,000	-	300,000
	<u>1,026,681</u>	<u>-</u>	<u>(24,707)</u>	<u>300,000</u>	<u>(183,000)</u>	<u>1,118,974</u>
<b>Total unrestricted funds</b>	<u>2,611,031</u>	<u>4,622,517</u>	<u>(4,035,191)</u>	<u>-</u>	<u>(183,000)</u>	<u>3,015,357</u>
<b>Restricted funds</b>						
Capital expenditure	36,135	-	(7,510)	-	-	28,625
The Virgin Money Foundation Big Lottery Fund #iwill fund Grant	-	5,194	(5,194)	-	-	-
B.Local Birtley	-	16,233	(16,233)	-	-	-
Neighbourly Project: Anonymous Trust	-	370	(350)	-	-	20
	<u>36,135</u>	<u>21,797</u>	<u>(29,287)</u>	<u>-</u>	<u>-</u>	<u>28,645</u>
<b>Total restricted funds</b>	<u>36,135</u>	<u>21,797</u>	<u>(29,287)</u>	<u>-</u>	<u>-</u>	<u>28,645</u>
<b>Total funds</b>	<u>2,647,166</u>	<u>4,644,314</u>	<u>(4,064,478)</u>	<u>-</u>	<u>(183,000)</u>	<u>3,044,002</u>

# **Baltic Flour Mills Visual Arts Trust**

## **Notes to the Financial Statements for the Year Ended 31 March 2021**

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

### **Capital replacement and renewal**

The trustees have designated £1,115,974 of general reserves for the purpose of maintaining the fabric of the BALTIC building.

### **COVID Recovery**

Due to the unprecedented situation BATLC has had to endure from March 2020 to the present date, the trustees have designated £300,000 from general reserves for the purpose of COVID recovery in the 2021/22 financial year.

### **Capital expenditure**

This fund represents the element of funding received from the Arts Council that is restricted for capital expenditure.

The Virgin Money Foundation Big Lottery Fund #Iwill fund grant supports a three year programme called Creating Change. Creating Change embeds a culture of social action in three Gateshead Secondary Schools; Cardinal Hume, Grace College (formerly Joseph Swan Academy) and Heworth Grange School. The grant has paid predominantly for artists to deliver workshops and ongoing residencies, a freelance Producer to oversee the delivery of the project, programme materials; everything from football kit through to cameras and food.

B.Local Birtley relates to the funding received for the Art Lab programme which launched in May 2019 which is an ongoing holiday programme offering artist led activities, trips and lunches for families. The offer is developed with and for families living in Birtley and particularly families who usually access free school meals during term time. Following the success of Art Lab's adaption during lockdown, where holiday fun and support was brought to the door of families living in Birtley in the form of creative packs and supermarket vouchers/ food deliveries, Art Lab August 2020 took a blended approach to offer activities and meals for three weeks of the School summer holidays. This approach was developed after listening to local families, our partners at the Birtley Hub Resource Centre, and other service providers and finding there was an appetite for in person activities. Birtley families were offered COVID-19 safe artist led workshops in person, take away activities and lunches as well as delivered creativity packs for those unable to attend in person.

Neighbourly Project: Anonymous Trust supports the communal, faith, language, and vocational lives of newly arrived communities across the borough. It engages refugees and people seeking asylum, taking steps to understand people's priorities, address their concerns and support their ideas through a series of onsite and offsite programmes, collaborations and events. Programming includes hosting an annual Open Iftar, ESOL at BALTIC, digital conversation sessions, a monthly Language Café, International Art Clubs in two local schools and skills-matched volunteer and employment opportunities. The structure, aims and values of Neighbourly have been developed to explore the ways in which BALTIC can create long-term and sustainable relationships with refugee and asylum seeking communities, ensuring they have equitable access to BALTIC's resources. A guiding question for Neighbourly is how can BALTIC be a 'good Neighbour' and how can we best support people to feel happy, settled and at home in the North East? Partners include Gateshead Council Resettlement Team, Best of Bensham, WERS, JET, the Angelou Centre, Comfrey Project and Ramadan Tent Project.

# Baltic Flour Mills Visual Arts Trust

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 22 Analysis of net assets between funds

#### Group

	Unrestricted		Restricted	Total funds
	General	Designated		
	£	£	£	£
Tangible fixed assets	733,148	350,534	27,968	1,111,650
Net current assets/(liabilities)	1,163,235	1,065,440	677	2,229,352
Pension scheme liability	-	(297,000)	-	(297,000)
Total net assets	<u>1,896,383</u>	<u>1,118,974</u>	<u>28,645</u>	<u>3,044,002</u>

	Unrestricted		Restricted	Total funds at 31 March 2020
	General	Designated		
	£	£	£	£
Tangible fixed assets	699,602	308,904	35,478	1,043,984
Net current assets/(liabilities)	884,748	832,777	657	1,718,182
Pension scheme liability	-	(115,000)	-	(115,000)
Total net assets	<u>1,584,350</u>	<u>1,026,681</u>	<u>36,135</u>	<u>2,647,166</u>

### 23 Analysis of net funds

#### Group

	At 1 April 2020	Cash flow	At 31 March
	£	£	2021
			£
Cash at bank and in hand	770,538	664,396	1,434,934
Liquid resources	702,618	-	702,618
	<u>1,473,156</u>	<u>664,396</u>	<u>2,137,552</u>
Net funds	<u>1,473,156</u>	<u>664,396</u>	<u>2,137,552</u>

Liquid resources represents a balance deposited with Gateshead Council.

## Baltic Flour Mills Visual Arts Trust

### Notes to the Financial Statements for the Year Ended 31 March 2021

#### Group

	At 1 April 2019 £	Cash flow £	At 31 March 2020 £
Cash at bank and in hand	849,785	(79,247)	770,538
Liquid resources	702,618	-	702,618
	<u>1,552,403</u>	<u>(79,247)</u>	<u>1,473,156</u>
Net funds	<u>1,552,403</u>	<u>(79,247)</u>	<u>1,473,156</u>

#### 24 Related party transactions

##### Group

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

##### K C Wexford Campbell

(Trustee)

The group was charged £1,000 (2020 - £Nil) in relation to their contribution to the Innovation Engagement conference. At the balance sheet date the amount due to K C Wexford Campbell was £1,000 (2020 - £Nil).

##### Baltic Contemporary Visual Arts Trading Limited

(Subsidiary)

During the year, the charity made sales relating to management fees of £16,362 (2020 - £29,566) and received a gift aid distribution of £595,288 (2020 - £609,349). The charity also made purchases relating to shop stock of £972 (2020 - £1,998). At the balance sheet date the amount due from Baltic Contemporary Visual Arts Trading Limited was £446,683 (2020 - £160,846).