

Charity Registration No. 1088975

Company Registration No. 03929839 (England and Wales)

QUEENS HALL ARTS
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

QUEENS HALL ARTS

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Rachel Adam Philip Garner Angeline Lucas Gary Lyons Susan Martin Anthony Newton Kathryn Nicholson David Pritchard Jonathan Tull Lynn Turner
Secretary	Katy Taylor
Charity number	1088975
Company number	03929839
Principal address	Beaumont Street Hexham Northumberland NE46 3LS
Registered office	Beaumont Street Hexham Northumberland NE46 3LS
Independent examiner	J Hart Stokoe Rodger LLP St Matthews House Haugh Lane Hexham Northumberland NE46 3PU
Bankers	Barclays Bank Plc Priestpopple Hexham Northumberland NE46 1PE
Solicitors	Nicholson Portnell Priestpopple House Hexham Northumberland NE46 1PL

QUEENS HALL ARTS

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QUEENS HALL ARTS

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

The trustees present their annual report and financial statements for the year ended 31 March 2022.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

The company's objectives are:-

To advance public education and appreciation of the arts in all their forms, particularly but not exclusively, for the benefit of the people in the Counties of Northumberland, Cumbria, Tyne & Wear and Durham through the provision, maintenance and management of Queen's Hall Arts Centre, Hexham and by any other charitable means that the trustees may from time to time think fit.

In 2016 a new mission statement was agreed by the Trustees. This informed delivery subsequently provided the structure for successful medium-term funding bids to Arts Council England and Northumberland County Council.

OUR MISSION is to be the creative heart of the community delivering great arts experiences and supporting professional and aspiring artists.

THE CREATIVE HEART OF THE COMMUNITY

- a. A welcoming and stimulating environment for all to experience a broad range of arts activities.
- b. Theatre, studio and gallery spaces and other resources at the Queen's Hall Arts Centre for the presentation of work to the highest possible standard.
- c. A focal point for cultural organisations where links and partnerships can be developed.
- d. Engagement with the full diversity of our community.
- e. Resources that can be easily accessed by a large rural catchment.

GREAT ARTS EXPERIENCES

- f. A range of shows, exhibitions and other events that are both entertaining and stimulating.
- g. High quality touring work from across the country (and beyond) that reflects the diversity and range of contemporary arts interests in Britain.
- h. In-house and commissioned work that is informed by a relationship with the community.
- i. Participatory activities that are fulfilling and develop skills.
- j. Great events and other activities across West Northumberland (and beyond).

SUPPORTING PROFESSIONAL AND ASPIRING ARTISTS

- k. Commissions, productions & co-productions.
- l. Residencies.
- m. Mentoring and other long-term support.
- n. Training and skills development opportunities.
- o. A high proportion of our work with and for young people.
- p. Technical and organisational support for artists opening new productions.
- q. Networking, collaborating and taking part in partnership initiatives.
- r. Programming new and challenging work.
- s. Contributing to a viable arts ecology, regionally and nationally.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

QUEENS HALL ARTS

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

Public benefit

Queen's Hall Arts is committed to the educational and social advancements that benefit from its activities and to making those activities as accessible as possible. We provide year round participatory activities both in community and educational settings. The artistic programme at the arts centre includes a range of events which reflect a wide variety of local interests, creating opportunities for audiences and performers. Our ticket pricing policy includes discounts to students, and those on low incomes. Exhibitions in the gallery are free. We provide and subsidise outreach events to small communities across a large part of Northumberland.

Achievements and performance

The mission of QHA is to be the creative heart of the community, and despite 2021/22 continuing to be very challenging in the context of the Covid-19 pandemic, this mission remained heart and centre of board and staff decisions during the year, as we supported the return of audiences and staff to the building. QHA not only reopened the venue but also completed a major capital project to create a new Studio Theatre and reconfigure the backstage areas to ensure they are accessible for all.

Whilst attendance to live events and exhibitions at 18,360 was considerably lower than usual, QHA were able to adapt provision to offer digital engagement at a level not seen in previous years (18,366 digital engagements).

The majority of group activity remained online or outside until 2022 and where activity was possible numbers were restricted to allow social distancing. Some activity continued to remain online to protect vulnerable participants. Work with schools and other community organisations took ingenuity and adaptability to create projects which could change according to the Covid restrictions.

The pandemic led to the cancellation of more than 34% of performances in Quarter 3 alone, as tours were delayed and rescheduled. In Autumn/Winter 2021/22, audience numbers were restricted for over 50% of performances to allow customers to socially distance. Audience numbers remained below pre-Covid levels, and there was a particular impact on older audiences. Until Spring 2022, we required staff, freelancers and performers to test daily. Absences due to isolating impacted delivery and led to further delays and cancellations.

Covid and the roll out of central government's Plan B particularly impacted on the Christmas Show despite advance sales getting off to a healthy start. Over 39% of tickets were purchased more than 4 weeks before the first show date and this compared very positively with 23% in 2019. Promotion of the Christmas Show was supported by an Early Bird Offer which sold over 400 tickets and earlier distribution of print and communication with schools. However, once numbers of Covid 19 cases began to rise locally and information was sent from councils to schools and guardians, booking momentum fell considerably alongside group cancellations and increased refund requests. Over 500 tickets were refunded across public and school performances (including 3 cancelled performances) with a value of over £5500. The number of tickets sold per day gradually decreased from around 100 a day to under 100 per week, at a time which would normally be the busiest period for sales.

Our capital project was also impacted by the pandemic with a considerable overrun of five months and a resulting increase in costs. QHA reopened for performances before the work was complete with staff moving out of the offices to provide replacement dressing rooms and rehearsal spaces.

Despite these considerable challenges the staff and board of QHA worked together to adapt the organisation to respond effectively and positively. The main focus of 2021/22 was directed towards:

- Managing a phased re-opening after shutdown
- Reconnecting with audiences
- Engaging with our communities
- Strengthening organisational resilience
- Investing in our creative community
- Financial Resilience

QUEENS HALL ARTS

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

Managing a phased re-opening after shutdown

To ensure that the staff and the building were ready for the public to return in August 2021 there was a considerable amount of planning and preparation required. This included:

- **Recruitment.** During the pandemic, some members of the staff team had moved on to other posts. In late summer we put in place a recruitment campaign to find skilled staff to fill the gaps within the team. A number of our volunteers did not come back, due to changes in their circumstances, but we successfully returned this team to full strength with a recruitment drive in early Autumn 2021.
- **Training.** All staff and volunteers required extensive training after such a long time away from the venue. A comprehensive package of training, including First Aid, Fire Evacuation and specialist technical skills, ensured that the organisation was ready for the public to return. In addition, we ensured that everyone had time to orientate themselves back into the workplace.
- **Reviewing working practices.** Key to the reopening was development of Covid secure practices for staff, volunteers and the public. These were created by the staff team using best practice from within the arts sector and adapted to the peculiarities of our building. The new systems included additional cleaning, hand sanitation points, social distancing, increased ventilation and one-way systems. We also reviewed the opening hours of the Box Office and took the opportunity to streamline the service to enable staff to take time out of their public facing roles to undertake data collection to feed in to the strategic planning. We enacted a hybrid working policy for non-operational staff, so they could manage their workloads and we could support social distancing.
- **Programming.** Our opening programme was informed by the data about audience confidence and needs which was available both nationally and regionally. QHA curated an autumn programme which included a mixture of live events, screening and hybrid performances.
- **Cleaning and refurbishment.** As part of phased re-opening we recommissioned the building with a deep clean as well as repainting and repairing the public areas of the building, the offices and technical spaces.

Reconnecting with audiences

Planning the physical re-opening was just one piece in the jigsaw. The creation and delivery of a strategic *welcome back campaign* was vital to re-engaging with our audiences and giving them the confidence to return. This campaign began months before the first performances with a suite of posters on the outside of the building, accompanied by a campaign on our social media channels.

To help our audiences feel more confident in returning to live performance we put in place Covid security protocols and communicated these clearly. We also amended our refund policy so that people could request a refund at any point, which helped to de-risk ticket purchases.

Engaging with communities

Following on from the strategic planning undertaken in 2020/21, QHA focussed intensively on engagement with communities in and around Hexham. Through three key projects we co-created artistic content with a variety of partners:

- **Unsung Heroes.** QHA commissioned international multimedia artists Davy & Kristin McGuire and North East musician Bridie Jackson to create *Unsung Heroes*, a brand-new augmented reality musical project co-created with the local community and celebrating the contributions of local people during the pandemic.
- **Animating Hexham.** Working with 6 animators and 20 community animators we projected newly created work on to windows and buildings on a trail across Hexham town centre. The animations were inspired by the heritage of the town and attracted an audience of over 800 people across 3 evenings.

QUEENS HALL ARTS

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

- **Lantern Parade.** This was a real demonstration of communities coming together on the streets of Hexham. The project started with 3 community-based lantern making workshops with 83 families attending, school workshops for over 60 children and an online workshop which had over 1.1K views. The Lantern Parade took place in November 2021 with people bringing their lanterns to parade through the streets with live music. The event target was to engage 200 people in the parade, and we were delighted to welcome over 650 to the streets of Hexham. The event was very well received and from feedback the lantern parade exceeded expectations. Local shops and business engaged with the event – including one pub organising a snow machine to run from an upstairs window – and local businesses reported increased evening sales, especially for food and drink.

Strengthening organisational resilience

It was vital during 2021/22 to strengthen QHA to ensure it could thrive despite the uncertainties of the outside world. This activity was formed into 3 main strands:

- **The capital project.** This was funded by Arts Council England, Foyle Foundation, Garfield Weston Foundation, individual donations and QHA's building development fund. The work included the creation of accessible dressing rooms, backstage areas and a new Studio Theatre. This project now ensures that all performance and backstage areas are accessible and provides a 50-seat studio performance space with flexibility for workshops and exhibitions.
- **Structural review.** A Working Group were mandated by the Board to examine options for improving the staff structure for QHA. The closure forced by Covid provided an unusual space, perspective and extra time within which to reflect and consult in a considered way on possible options. The review included an analysis of our weaknesses and strengths, consideration of how best to serve the needs of our community and the sector in a post-Covid landscape and how the structure could enable delivery of our creative purpose whilst facilitating financial stability for the organisation. The review resulted in the creation of new senior management roles and the development of current staff with the desired outcome of maximising commercial use of the building, as well as clarifying and strengthening management structures to create more realistic spans of control for managers.
- **Board recruitment.** To ensure we had a clear succession plan in place for trustees whose tenure would be completed in 2022, we undertook a successful board recruitment campaign. The skills and experience brought by the incoming trustees has ensured the organisation can continue to develop strategic plans and KPIs in line with our mission and vision.

Investing in our creative community

Throughout 2021/22 QHA has continued to invest in the North East cultural sector through:

- **Employment of freelance artists and professionals** to deliver projects and support the staff team. QHA employed more than 27 freelance artists and professionals in 2021/22.
- **The Northumberland Commission Hub** (QHA and Alnwick Playhouse). Through the creation of a new Christmas production at QHA, *The Remarkable Robin Armstrong's Extraordinary Christmas Adventure*, and the remounting of *A Viking Christmas* at Alnwick Playhouse, the commissioning hub employed over 35 creative professionals and performers.
- **Supporting artists and companies.** QHA provided rehearsal space, mentoring and fundraising support to more than 20 artists and companies based in the North East. Feedback demonstrates that this is highly valued and QHA is seen as a vital part of regional networks supporting artists and companies to make new work.

QUEENS HALL ARTS

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

Financial resilience

Despite the financial challenges of 2021/22, with reduced income from theatre space rental, creative tenants, café bar and ticket sales, QHA has continued to be financially prudent and viable. We made full use of the furlough and flexi-furlough schemes for staff as well expanding our fundraising activity both with individuals and organisations.

Financial review

The income and expenditure account on page 11 shows a deficit of £62,320 on unrestricted funds of total income to total resources expended before transfers. Designated funds shows a deficit of £137,998 for the year before transfers.

Risk Assessment

The trustees will continue to conduct an annual risk management review and put in place any required plans or procedures. As licensed premises the Queen's Hall is subject to regular inspection from statutory and other regulatory bodies to ensure compliance and good practice in a number of areas including health and safety, environmental health, and management of performing rights. Financial reports are produced by management on a quarterly basis and presented to board meetings. These reports are also subject to scrutiny by the Finance and Risk Committee.

QUEENS HALL ARTS

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

Reserves policy

QHA's financial reserve is a risk management measure designed to provide for orderly management of the organisation's affairs in the event of unplanned financial stress.

The Charity Commission advises charities to consider holding an unrestricted reserve equivalent to between three and six months' running costs, depending on the nature and size of the organisation.

The size of QHA's reserve should be sufficient to cover essential needs in an emergency situation – for example a period of extended illness, the withdrawal of a major funding source, a pandemic, or in the worst case, the winding down of operations if the organisation becomes financially unviable. It should however not be so large as to tie up funds which should be being used in proper ordinary pursuit of the company's charitable objects. The size of the reserve should also be proportionate to the scale of QHA's total turnover, to the assessed level of risk against which it is a safeguard, and to the achievability of setting aside the determined amount.

The QHA reserve allocation will be actively managed as part of our regular budgeting processes, keeping under review the calculations and assessment of risks on which it is based, and adjusting these as necessary.

Project budgets may have a specified contingency line, depending on specifically judged levels of uncertainty that may apply in an individual case. Such contingency provisions have a different purpose and are not part of the general financial reserve, although they may be reported as "restricted reserves" for the purposes of the accounts.

In addition to holding an unrestricted general reserve as provided by this Policy, QHA may also hold such "designated reserves" as may be considered prudent for particular purposes, including but not limited to building renovations, other major capital developments, and planned programmes of activity defined in the Business Plan that take place over multiple years.

Policy provisions

(i) QHA will seek to maintain an unrestricted financial reserve equivalent to the average core operating costs for three months of the organisation's normal operation, funded by an allocation from available unrestricted funds.

(ii) This target should be achieved by the end of the budget year 2023-24 with the aim of maintaining it thereafter.

(iii) The calculation of average core operating costs for this purpose will take into account all predictable recurring costs such as staff salaries, benefits and expenses, building running costs and service charges. The calculation will be updated each year as part of the approval of the annual budget.

(iv) The progressive allocation of funds towards the reserve, and the status of the reserve, will be shown in regular financial reports provided to the Board.

(v) Use of the funds held in the reserve will, when possible, be approved in advance by the Finance and Risk Committee and reported to the Board. In cases of greater urgency when such advance approval is not possible, a decision to draw on the funds held in the reserve may be made by the Artistic Director/Chief Executive in consultation with the Chair of the Finance and Risk Committee and the Chair of the Board of Trustees.

(vi) Following any use of the funds in the reserve in line with paragraph (v) above, the Board may determine the steps to be taken to replenish the funds so used in order to return the reserve to its target level, and the timeframe within which this replenishment should be achieved.

QUEENS HALL ARTS

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

Plans for the future

The major challenge for QHA over the next financial year will be the continued impact of Covid and the fiscal pressures on the cost of living. It will be vital that QHA continues to be fleet of foot in responding to the changing needs of our communities, and remains relevant by co-producing work through a variety of partnerships. QHA aspires to expand our reach across Northumberland and the wider North in terms of networking and also working in partnership with culture and heritage organisations. The main focus of the organisation will be:

- **Collaborative working with arts and cultural sector organisations across the north as well as with non-arts organisations within Northumberland.**
- **Co-creation of projects and artistic content with our communities.**
- **Creating and implementing a new Audience Development Plan informed by data and audience interaction.**
- **Measuring, managing and reducing our Environmental Impact.**
- **Delivering and evidencing quality in our artistic programme.**
- **Embedding diversity more strongly both within our programme and our organisation.**
- **Realise new and enhance existing income streams.**

QUEENS HALL ARTS

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

Structure, governance and management

Queens Hall Arts is a company limited by guarantee governed by its Memorandum and Articles of Association dated 2009. It is registered as a charity with the Charity Commission. There are currently 8 members, each of whom agree to contribute £1.00 in the event of the charity winding up. The members are also the directors of the limited company.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Susan Martin	(Resigned 5 September 2022)
David Pritchard	(Resigned 5 September 2022)
Kathryn Nicholson	
Philip Garner	
Jonathan Tull	
Derek Kennedy (NCC)	(Resigned 6 April 2021)
Antony Newton	
Clare Forsythe	(Resigned 6 April 2021)
Rachel Adam	(Appointed 13 July 2021)
Angeline Lucas	(Appointed 13 July 2021)
Lynn Turner	(Appointed 13 October 2021)
Gary Lyons	(Appointed 13 October 2021)

The appointment of trustees is set out in the Articles of Association:-

Nominated Member:-

1 by Northumberland County Council - (NCC)

Elected Members:-

Between 4 and 11 Members by resolution in a general meeting and/or co-opted at a meeting of the Board.

The recruitment of new members is periodically undertaken by the Board, which follows an open and fair recruitment process taking due account of the skills needed by the company and the desire for its membership to reflect the diversity of the local population.

Nominees appointed by the local authority are subject to the appointment processes of this body and the guidelines on appointment to public office as they apply to local government nominees.

The Board of directors, which can have between 5 -12 members, administers the charity. The Board meets approximately every 2 months and there are committees covering Finance & Risk, Operations and External Relations which meet regularly. Additionally there are working groups which act in an advisory capacity. A chief executive, the Artistic Director, is appointed by the trustees to manage the day to day operations of the charity. To facilitate effective operations, the Artistic Director has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and artistic programme.

The charity has a close relationship with Northumberland County Council and Arts Council England. These two bodies provide essential core funding to the company. Ongoing funding is subject to annual reviews and agreements on performance targets.

The Queen's Hall, where the bulk of the company's activities take place, is leased from Northumberland County Council, at a peppercorn rent.

The company operates sub-leases at the Queen's Hall: -

- To Customer Services, Northumberland CC.
- To cafe operators, which under the terms of its lease is required to provide agreed levels of service to arts centre users (in addition to its independent commercial operations).
- To small start-up companies in the Creative Spaces area.

There is no structural connection between the companies.

QUEENS HALL ARTS

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

Asset cover for funds

Note 17 sets out an analysis of the assets attributable to the various funds and a description of those funds. These assets are sufficient to meet the charity's obligations on a fund by fund basis.

The trustees' report was approved by the Board of Trustees.

Rachel Adam

Chair

22 December 2022

QUEENS HALL ARTS

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF QUEENS HALL ARTS

I report to the trustees on my examination of the financial statements of Queens Hall Arts (the charity) for the year ended 31 March 2022.

Responsibilities and basis of report

As the trustees of the charity (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 (the 2006 Act).

Having satisfied myself that the financial statements of the charity are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's financial statements carried out under section 145 of the Charities Act 2011 (the 2011 Act). In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of ICAS, which is one of the listed bodies.

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

- 1 accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
- 4 the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

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

J Hart
Stokoe Rodger LLP

St Matthews House
Haugh Lane
Hexham
Northumberland
NE46 3PU

Dated: 22 December 2022

QUEENS HALL ARTS

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

		Unrestricted funds	Designated funds	Restricted funds	Total 2022	Total 2021
	Notes	£	£	£	£	£
<u>Income and endowments from:</u>						
Grants and donations	2	275,957	-	429,546	705,503	664,045
Operation of arts services	3	187,275	-	-	187,275	61,896
Investments	4	18	-	-	18	44
Other income	5	11,050	-	-	11,050	8,232
Total income and endowments		474,300	-	429,546	903,846	734,217
<u>Expenditure on:</u>						
Raising funds	6	-	-	-	-	28,850
Charitable activities	7	536,620	137,998	133,537	808,155	382,518
Total resources expended		536,620	137,998	133,537	808,155	411,368
Net (outgoing)/incoming resources before transfers		(62,320)	(137,998)	296,009	95,691	322,849
Gross transfers between funds		753,336	(76,276)	(677,060)	-	-
Net income/(expenditure) for the year/ Net movement in funds		691,016	(214,274)	(381,051)	95,691	322,849
Fund balances at start of financial year		265,149	233,557	469,951	968,657	645,808
Fund balances at end of financial year		956,165	19,283	88,900	1,064,348	968,657

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

QUEENS HALL ARTS

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	10		829,067		556,641
Current assets					
Stocks	11	-		900	
Debtors	12	112,515		42,248	
Cash at bank and in hand		251,738		443,564	
		<u>364,253</u>		<u>486,712</u>	
Creditors: amounts falling due within one year	13	<u>(128,972)</u>		<u>(74,696)</u>	
Net current assets			235,281		412,016
Total assets less current liabilities			<u>1,064,348</u>		<u>968,657</u>
Income funds					
Restricted funds	15		88,900		469,951
Designated funds			19,283		233,557
Unrestricted funds - Free reserves			127,098		220,506
Unrestricted funds - Non liquid reserves			829,067		44,643
			<u>1,064,348</u>		<u>968,657</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2022.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 22 December 2022

Rachel Adam
Trustee

Company Registration No. 03929839

QUEENS HALL ARTS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	19		149,672		296,181
Investing activities					
Capital additions		(341,516)		-	
Investment income received		18		44	
		<u> </u>		<u> </u>	
Net cash (used in)/generated from investing activities			(341,498)		44
Net cash used in financing activities			<u> </u>		<u> </u>
			-		-
Net (decrease)/increase in cash and cash equivalents			(191,826)		296,225
Cash and cash equivalents at beginning of year			<u>443,564</u>		<u>147,339</u>
Cash and cash equivalents at end of year			<u><u>251,738</u></u>		<u><u>443,564</u></u>

QUEENS HALL ARTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Queens Hall Arts is a private company limited by guarantee incorporated in England and Wales. It is registered as a charity with the Charity Commission. The registered office is Beaumont Street, Hexham, Northumberland, NE46 3LS.

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The trustees, having regard to the nature, size and complexity of the charity, have assessed the financial risks affecting the charity and its operations for the 12 months from approval of the accounts, taking into account the core funding from Northumberland County Council being renewed annually and the core funding from Arts Council England being agreed until 2022/23, and thus consider it appropriate to prepare accounts on a going concern basis.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the accounts.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt.

Grants are recognised in full in the financial period to which it relates, in accordance with the offer letter from the appropriate funding body.

QUEENS HALL ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.5 Resources expended

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. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All expenditure is accounted for on an accruals basis and has been classified under the headings that aggregate all costs to that category. Charitable activity costs includes expenditure relating to the operation of the theatre and art centre and includes both the direct costs and support costs relating to these activities. Support costs include central function expenditure. Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold property improvements	Over the length of the lease or 10% per annum straight line
Plant and machinery	25% per annum straight line
Fixtures, fittings & equipment	25% per annum straight line

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The charity only has financial assets and 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.

QUEENS HALL ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.11 Retirement benefits

Payments to defined retirement benefit schemes are charged as an expense as they fall due. The contributions relate to one employee. The scheme is not open for others to join.

The payments in respect of the workplace pension are charged as an expense in the period they relate to.

QUEENS HALL ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

2 Grants and donations

	Unrestricted funds	Restricted funds	Total 2022	Total 2021
	£	£	£	£
Donations and gifts				
- General donations	1,986	-	1,986	6,439
- Donations Studio Project	5,000	-	5,000	5,000
Grants receivable for core activities				
- Northumberland County Council	111,778	-	111,778	98,528
- Arts Council England	135,077	-	135,077	120,321
Other project income	-	429,546	429,546	110,406
Job Retention Scheme Support	22,116	-	22,116	87,616
Covid Support from Government, Local Authorities and other bodies	-	-	-	235,735
	<u>275,957</u>	<u>429,546</u>	<u>705,503</u>	<u>664,045</u>
For the year ended 31 March 2021	<u>603,639</u>	<u>60,406</u>		<u>664,045</u>

Other Project Income

Re Studio Project

Garfield Weston Foundation	-	-	-	50,000
Foyle Foundation	-	25,000	25,000	-
Arts Council England - Small Capital Grant	-	299,876	299,876	14,576

Other Projects

The Kellet Fund/The Wellesley Trust Fund at the Community Foundation	-	-	-	19,430
Future Arts Centres (Here and Now)	-	-	-	12,000
Arts Council England Recovery Grant Money	-	-	-	10,000
Grants < £10,000 (See Note 15)	-	15,670	15,670	4,400
Hexham High Street Heritage Action Zone (NCC)	-	10,000	10,000	-
Keychange Project (Youth Music)	-	49,000	49,000	-
Northumberland County Council - Illuminated Sheep	-	30,000	30,000	-
	<u>-</u>	<u>429,546</u>	<u>429,546</u>	<u>110,406</u>

Covid Support from Government, Local Authorities and other bodies

NCC Covid-19 Business Grants	-	-	-	41,500
Arts Council England Emergency Response Fund	-	-	-	36,428
Power to Change Covid Grant	-	-	-	25,000
Culture Recovery Fund Round 1	-	-	-	132,807
	<u>-</u>	<u>-</u>	<u>-</u>	<u>235,735</u>

QUEENS HALL ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

3 Operation of arts services

	Ticket sales and commission	Theatre and room hire and library service charges	Front of house sales and commission	Recharge income	Total	Total
	2022	2022	2022	2022	2022	2021
	£	£	£	£	£	£
Sales within charitable activities	108,003	73,326	1,855	4,091	187,275	61,896

For the year ended 31 March 2021

	Ticket sales and commission	Theatre and room hire and library service charges	Front of house sales and commission	Recharge income	Total
	£	£	£	£	2021
	£	£	£	£	£
Sales within charitable activities	7,182	54,655	10	49	61,896
Analysis by fund					
Unrestricted funds	7,182	54,655	10	49	61,896

4 Investments

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Interest receivable	18	44

5 Other income

	2022	2021
	£	£
Cafe franchise and service charges	2,550	732
Museum and Galleries Exhibition Tax Credits	8,500	7,500
	11,050	8,232

QUEENS HALL ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

6 Raising funds

	Total	Designated funds	Restricted funds	Total
	2022	2021	2021	2021
	£	£	£	£
<u>Fundraising and publicity</u>				
Staff costs	-	12,000	16,850	28,850
	<u>-</u>	<u>12,000</u>	<u>16,850</u>	<u>28,850</u>
	<u>-</u>	<u>12,000</u>	<u>16,850</u>	<u>28,850</u>

There were no staff costs in the current year relating to publicity as freelancers are now used.

7 Charitable activities

	2022	2021
	£	£
Staff costs	269,085	213,214
Depreciation and impairment	69,090	21,258
Operation of arts services - activities undertaken directly and support costs	392,969	145,546
	<u>731,144</u>	<u>380,018</u>
Governance costs	77,011	2,500
	<u>808,155</u>	<u>382,518</u>
Analysis by fund		
Unrestricted funds	536,620	329,786
Designated funds	137,998	721
Restricted funds	133,537	52,011
	<u>808,155</u>	<u>382,518</u>

8 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

QUEENS HALL ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

9 Employees

Number of employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Art Centre Activities	12	13

Employment costs

	2022 £	2021 £
Wages and salaries	180,627	198,898
Social security costs	6,508	7,413
Other pension costs	81,950	18,903
	269,085	225,214

Full time equivalent of these employees equated to 9 (2021 - 9).

There were no employees whose annual remuneration was £60,000 or more.

10 Tangible fixed assets

	Leasehold property improvements £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 April 2021	700,266	44,942	68,118	813,326
Additions	250,317	-	91,199	341,516
At 31 March 2022	950,583	44,942	159,317	1,154,842
Depreciation and impairment				
At 1 April 2021	161,858	43,212	51,615	256,685
Depreciation charged in the year	32,320	1,596	35,174	69,090
At 31 March 2022	194,178	44,808	86,789	325,775
Carrying amount				
At 31 March 2022	756,405	134	72,528	829,067
At 31 March 2021	538,408	1,730	16,503	556,641

All tangible fixed assets are used in furtherance of the Charity's Objects.

QUEENS HALL ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

11 Stocks

	2022 £	2021 £
Raw materials and consumables	-	900

12 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	39,036	12,431
Other debtors	67,397	29,817
Provision for purchase credit note	6,082	-
	<u>112,515</u>	<u>42,248</u>

13 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	46,324	8,600
Other creditors	14,276	9,836
Accruals and deferred income	68,372	56,260
	<u>128,972</u>	<u>74,696</u>

14 Retirement benefit schemes

The charity operates a defined benefit pension scheme for all qualifying employees (1 Employee). The scheme is not open for others to join. The assets of the scheme are held separately from those of the charity in an independently administered fund. Other employees are included in the workplace pension defined contribution scheme operated by NEST. The charity makes contributions to this pension scheme and acts as an agent in collecting and paying over both the employee and employer contributions.

The charge to profit and loss in respect of all pension schemes was £19,950 (2021 - £18,903).

There is also a charge for pension lump sum payments of £62,000. This relates to a liability paid after the year end together with a provision for future liabilities.

QUEENS HALL ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

15 Restricted funds

The income funds of the charity include restricted funds comprising the following balances of donations and grants held on trust for specific purposes:

	Movement in funds					Movement in funds					
	Balance at 1 April 2020	Incoming resources	Resources expended	Transfers	Investments gains/losses	Balance at 1 April 2021	Incoming resources	Resources expended	Transfers	Investments gains/losses	Balance at 31 March 2022
	£	£	£	£	£	£	£	£	£	£	£
Capital Grant Funds	463,828	-	(6,027)	-	-	457,801	-	(6,027)	(451,774)	-	-
New Capital Grant Fund - Studio Project	-	-	-	-	-	-	324,876	(99,590)	(225,286)	-	-
Capital Grant Funds	463,828	-	(6,027)	-	-	457,801	324,876	(105,617)	(677,060)	-	-
The Kellett Fund/The Wellesley Trust Fund at the Community Foundation serving Tyne & Wear and Northumberland	10,328	19,430	(19,758)	-	-	10,000	-	(10,000)	-	-	-
ACE - Studio Grant	-	14,576	(14,576)	-	-	-	-	-	-	-	-
Reach - Audience Development	-	3,000	(3,000)	-	-	-	-	-	-	-	-
Start	-	900	-	-	-	900	-	(900)	-	-	-
Emma Newton	-	500	(500)	-	-	-	3,000	(3,000)	-	-	-
The 1989 William Charitable Trust	3,000	-	(3,000)	-	-	-	-	-	-	-	-
Community Foundation	-	-	-	-	-	-	12,670	(2,770)	-	-	9,900
Theatre Tickets for Kids	1,250	-	-	-	-	1,250	-	(1,250)	-	-	-
Illuminated Sheep	-	-	-	-	-	-	30,000	-	-	-	30,000
Youth Music	-	-	-	-	-	-	49,000	-	-	-	49,000
Animating Hexham	-	-	-	-	-	-	10,000	(10,000)	-	-	-
Here and Now	-	12,000	(12,000)	-	-	-	-	-	-	-	-
ACE Recovery Grant Money	-	10,000	(10,000)	-	-	-	-	-	-	-	-
	478,406	60,406	(68,861)	-	-	469,951	429,546	(133,537)	(677,060)	-	88,900

QUEENS HALL ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

15 Restricted funds

(Continued)

The capital grants from Northumberland County Council and Tynedale District Council, including the new Creative Spaces funds, together with phase one and two income, are for long term development, improvement and refurbishment of the Queens Hall. The resources expended represents the depreciation charge for the year on the these restricted fund fixed assets. All capital funds are represented by capital assets and have now been transferred to unrestricted funds.

The Kellett Fund/The Wellesley Trust Fund at the Community Foundation serving Tyne & Wear and Northumberland - This represents grants received for the purposes of developing and delivering creative participatory projects in the community.

Start - This represents income for the purposes of providing workshops and theatre tickets.

The 1989 Willian Charitable Trust - This represents grants received for the purposes of contributing to core costs to enhance and extend outreach and community work.

Theatre Tickets for Kids - This represents funding for the purposes of subsidising theatre tickets for schools in the local area.

Arts Council England Studio Grant - This was awarded for QHA Opening Doors Project which reconfigures the backstage, studio and dressing rooms to ensure they are accessible for performers, audiences and staff

Reach - Audience Development - This was funding to support marketing and outreach activity that reaches out to non-arts attenders.

Here and Now - Arts Council England and Future Arts Centres funding to marking The National Lottery's 25th birthday.

Arts Council England Recovery Grant Money - funds to build reserves to replace those used early in the pandemic as well as build reserves to help support QHA through an uncertain future.

Community Foundation - funding to support artistic activity for older people.

Illuminated Sheep - is local authority match funding to support a county-wide visual art trail.

Youth Music - is funding to support the creation of a youth led music festival.

Animating Hexham - is funding from Historic England and Arts Council England to support a pilot animation festival.

The Small Capital Grant Fund - is funding from Arts Council England, Garfield Weston Foundation and the Foyle Foundation which created a new Studio Theatre and reconfigured backstage areas to ensure that they are accessible for all.

QUEENS HALL ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

16 Analysis of net assets between funds

	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Total 2021 £
Fund balances at 31 March 2022 are represented by:								
Tangible assets	829,067	-	-	829,067	44,643	54,197	457,801	556,641
Current assets/(liabilities)	127,098	19,283	88,900	235,281	220,506	179,360	12,150	412,016
	<u>956,165</u>	<u>19,283</u>	<u>88,900</u>	<u>1,064,348</u>	<u>265,149</u>	<u>233,557</u>	<u>469,951</u>	<u>968,657</u>

The restricted fund balance represents cash set aside for various projects.

QUEENS HALL ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

17 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2020	Resources expended	Transfers	Balance at 1 April 2021	Resources expended	Transfers	Balance at 31 March 2022
	£	£	£	£	£	£	£
Capital Refurbishment - Toilets	29,823	(394)	-	29,429	(394)	(29,035)	-
Phase 2 Development Project	25,095	(327)	-	24,768	(327)	(24,441)	-
Building Development Fund	6,005	-	36,078	42,083	-	(22,800)	19,283
Mark Jon Bolderson Percussion Fund	1,205	-	-	1,205	(1,205)	-	-
Art with Heart	3,132	-	-	3,132	(3,132)	-	-
Dementia Friendly Activity	11,440	-	-	11,440	(11,440)	-	-
Children's Theatre Outreach	3,500	-	-	3,500	(3,500)	-	-
Arts Council Catalyst Match	55,000	(12,000)	-	43,000	(43,000)	-	-
Covid Reserve	-	-	75,000	75,000	(75,000)	-	-
	<u>135,200</u>	<u>(12,721)</u>	<u>111,078</u>	<u>233,557</u>	<u>(137,998)</u>	<u>(76,276)</u>	<u>19,283</u>

The Capital Refurbishment and the Phase 2 Development Funds represents funds previously set aside and expended for capital development, improvement and refurbishment of the Queens Hall. The resources expended represents the depreciation for the year on these designated fund fixed assets. These funds have now been transferred to unrestricted funds.

The Building Fund represents a provision set aside to finance larger periodical building maintenance and developments that are not carried out on an annual basis. Part of this reserve has been utilised to cover the increased costs during the development of the Studio.

The Art With Heart Fund represents income to support projects associated with the subject of bereavement.

Dementia Friendly Activity represents funds set aside for the purposes of helping those with Dementia and their families access the venue and arts activities.

Childrens' Theatre Outreach represents funds set aside for the purpose of support Children and families access theatre.

Arts Council Catalyst Match represents funds set aside for the purpose of supporting fundraising and communications activity.

M J Bolderson Percussion Fund – funding to support young people access percussion performances and activity

Covid Reserve - these funds were expended on mitigating the costs associated with reopening the venue including Covid security measures, restricted audiences, staff and volunteer training.

QUEENS HALL ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

18 Related party transactions

There were no disclosable related party transactions during the year (2021 - none).

19 Cash generated from operations	2022 £	2021 £
Surplus for the year	95,691	322,849
Adjustments for:		
Investment income recognised in statement of financial activities	(18)	(44)
Amortisation and impairment of intangible assets	721	721
Depreciation and impairment of tangible fixed assets	68,369	20,537
Movements in working capital:		
Decrease in stocks	900	2,600
(Increase)/decrease in debtors	(70,267)	3,847
Increase/(decrease) in creditors	54,276	(54,329)
Cash generated from operations	149,672	296,181