

NEW CUT ARTS
(A company limited by guarantee)

UNAUDITED
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

NEW CUT ARTS
(A company limited by guarantee)

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NEW CUT ARTS
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2021**

Trustees	S Bailey U Hashim R Dwelly K Don-Daniel L Calder (appointed 1 October 2020) B Holloway (appointed 1 May 2020) J Leverett (appointed 1 May 2020) A Casement J Jordan N Jaffa (appointed 1 September 2020) D Parkin
Company registered number	06461027
Charity registered number	1123971
Registered office	Old Maltings 8 New Cut Halesworth Suffolk IP19 8BY
Principal operating office	The Cut, New Cut Halesworth Suffolk IP19 8BY
Accountants	Larking Gowen LLP Chartered Accountants Faiers House Gilray Road Diss IP22 4WR

NEW CUT ARTS
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The Trustees present their annual report together with the financial statements of the Company for the 1 April 2020 to 31 March 2021. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the Strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

a. Policies and objectives

The object of the charity is to advance education in the arts in Suffolk and Norfolk particularly, but not exclusively, by:

- Establishing an Arts Centre;
- Providing training courses and workshops in all aspects of the performing and fine arts and media studies leading to educational qualifications;
- Providing community arts programmes to meet the needs of the whole community;
- Developing and encouraging youth programmes to meet the needs of the whole community;
- Developing and encouraging youth programmes in all areas of arts, dance and media.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

Achievements and performance

a. Main achievements of the Company

After a challenging year and two periods of closure the resilience of The Cut has been a feature of the last financial year as we emerge from the devastating effects of Covid-19. Much of 2020-21 has been an adaptation to new circumstances with the efforts of reduced staff and volunteers to keep The Cut's community presence going through a digital programme of events and activities, a refocusing on building improvements and fundraising. The Cut's provision of studio and office units has provided an essential residual income while successful A.C.E. bids and other government support has placed the Cut in a resilient position as prospects improve.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Financial review

a. Going concern

The Trustees have considered the Charity's position at the time of signing the financial statements, and in particular the current issues caused by Covid-19 and its potential impact on the Charity.

In particular, they have considered the Charity's cash reserves, additional funding secured after the year end, and loan repayments due in the short to medium term.

Based on this, the Trustees have concluded that they have a reasonable expectation that the Charity will have adequate resources to continue in operational existence for the foreseeable future, and at least twelve months from the date of signing these financial statements. They therefore continue to adopt the going concern basis of accounting in preparing these financial statements.

b. Reserves policy

New Cut Arts has adopted the following policy with respect to holding part of its income as a reserve to cover contingencies:

Reserve levels

Free reserves are defined as unrestricted funds not represented by fixed assets. New Cut Arts' target level of free reserves is 10% of its annual income. This is approximately £25k.

Long term loans have been taken out to help finance the gradual development of the centre meaning that at 31 March 2021 there are no free reserves. However, excluding the long term loans and fixed assets the charity has unrestricted reserves of £98,135 (2020: £78,533).

The trustees continue to review the level of free reserves with a view to re-establishing the target level of free reserves.

Management of reserves

Reserves are overseen by a trustee elected by the Board of Trustees on an annual basis. The elected trustee must have a proven financial competency. Alterations to the policy must be agreed by an 80% majority of the Board.

Structure, governance and management

a. Constitution

New Cut Arts is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 11 April 2008.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Structure, governance and management (continued)

b. Methods of appointment or election of Trustees

New Cut Arts has adopted the following policy covering the recruitment of new trustees:

Trustees must have an interest in the aims and objectives of New Cut Arts and be committed to the safe governance of the charity.

Trustees must not have any conviction for fraud or financial mal-practice.

Trustees must not stand to gain financially from their position as trustee except in special circumstances approved by the trustees and authorised by the Charity Commission.

Trustees must be able to attend at least 80% of all scheduled meetings.

Trustees must be selected on the basis of knowledge and experience which is appropriate to the charity's aims and organisation - in particular we seek to include people with financial, legal, marketing, HR and health & safety competencies.

The Board of Trustees should be representative of the local community in terms of age, gender and ethnicity - we actively support the notion of diversity.

c. Financial risk management

The Trustees have assessed the major risks to which the Company is exposed, in particular those related to the operations and finances of the Company, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Statement of Trustees' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

T Casement
(Trustee)
Date:

NEW CUT ARTS
(A company limited by guarantee)

**INDEPENDENT EXAMINER'S REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

Independent examiner's report to the Trustees of New Cut Arts ('the Company')

I report to the charity Trustees on my examination of the accounts of the Company for the year ended 31 March 2021.

Responsibilities and basis of report

As the Trustees of the Company (and its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Company 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 Company's accounts carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the Company'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 the Institute of Chartered Accountants in England and Wales, 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:

1. accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts 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 accounts 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 accounts to be reached.

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INDEPENDENT EXAMINER'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

This report is made solely to the Company's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. My work has been undertaken so that I might state to the Company's Trustees those matters I am required to state to them in an Independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Company and the Company's Trustees as a body, for my work or for this report.

Signed:

Dated:

Christopher Yeates FCA DChA

Larking Gowen LLP

Chartered Accountants

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NEW CUT ARTS
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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and grants	3	113,911	108,082	221,993	33,807
Charitable activities	4	6,968	-	6,968	109,345
Other trading activities	5	42,041	-	42,041	130,498
Total income		162,920	108,082	271,002	273,650
Expenditure on:					
Raising funds	6	43,776	25,280	69,056	116,963
Charitable activities	7	83,053	19,330	102,383	157,730
Total expenditure		126,829	44,610	171,439	274,693
Net income/(expenditure)		36,091	63,472	99,563	(1,043)
Transfers between funds	16	60,983	(60,983)	-	-
Net movement in funds		97,074	2,489	99,563	(1,043)
Reconciliation of funds:					
Total funds brought forward		595,128	173,777	768,905	769,948
Net movement in funds		97,074	2,489	99,563	(1,043)
Total funds carried forward		692,202	176,266	868,468	768,905

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

The notes on pages 11 to 27 form part of these financial statements.

NEW CUT ARTS
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REGISTERED NUMBER: 06461027

BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	875,979	831,524
		875,979	831,524
Current assets			
Stocks	12	-	3,000
Debtors	13	19,073	7,328
Cash at bank and in hand		133,991	84,331
		153,064	94,659
Creditors: amounts falling due within one year	14	(28,583)	(14,126)
Net current assets		124,481	80,533
Total assets less current liabilities		1,000,460	912,057
Creditors: amounts falling due after more than one year	15	(131,992)	(143,152)
Net assets		868,468	768,905
Total net assets		868,468	768,905
Charity funds			
Restricted funds	16	176,266	173,777
Unrestricted funds	16	692,202	595,128
Total funds		868,468	768,905

The Company was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

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

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

NEW CUT ARTS
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REGISTERED NUMBER: 06461027

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2021

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

.....
T Casement
(Trustee)

Date:

The notes on pages 11 to 27 form part of these financial statements.

NEW CUT ARTS
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. General information

The charity is a company limited by guarantee, incorporated in England and Wales. The members of the company are the Trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The registered office is Old Maltings, 8 New Cut, Halesworth, Suffolk IP19 8BY.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

New Cut Arts 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.

2.2 Going concern

The Trustees have considered the Charity's position at the time of signing the financial statements, and in particular the current issues caused by Covid-19 and its potential impact on the Charity.

In particular, they have considered the Charity's cash reserves, additional funding secured after the year end, and loan repayments due in the short to medium term.

Based on this, the Trustees have concluded that they have a reasonable expectation that the Charity will have adequate resources to continue in operational existence for the foreseeable future, and at least twelve months from the date of signing these financial statements. They therefore continue to adopt the going concern basis of accounting in preparing these financial statements.

2.3 Income

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.4 Expenditure

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

Expenditure on raising funds includes all expenditure incurred by the Company to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

2.5 Tangible fixed assets and depreciation

Tangible fixed assets costing £NIL or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

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

Depreciation is provided on the following bases:

Freehold property	- 2% on cost
Improvements to property	- 2% on cost
Furniture	- 15% on reducing balance
Equipment	- 15% on reducing balance
Computer equipment	- 33% on cost

2.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

2.7 Debtors

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.8 Cash at bank and in hand

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

2.9 Liabilities and provisions

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

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

2.10 Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.11 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

2.12 Fund accounting

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

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

2.13 Redundancy costs

Costs of termination of employment are recognised as a liability and an expense when the charity is has a detailed formal plan for the termination and there is no realistic possibility of withdrawal from the plan, e.g. because the staff affected have been informed.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

3. Income from donations and grants

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Government grants				
Local Restrictions Support Grant, Closed Business Lockdown Payment and Retail Hospitality and Leisure Grant	41,057	-	41,057	-
Arts Council England Emergency Response Fund	-	35,000	35,000	-
Arts Council National Lottery Project Grant and Bounce Back Grant	-	18,872	18,872	-
Coronavirus Job Retention Scheme	59,765	-	59,765	-
Energy Efficiency Grant	-	17,345	17,345	-
Subtotal detailed disclosure	100,822	71,217	172,039	-
Donations	5,126	11,305	16,431	24,113
Grants	-	25,560	25,560	2,000
500 Club	7,963	-	7,963	7,694
Subtotal	13,089	36,865	49,954	33,807
Total 2021	113,911	108,082	221,993	33,807
<i>Total 2020</i>	31,807	2,000	33,807	

NEW CUT ARTS
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

4. Income from charitable activities

	Unrestricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Auditorium	4,764	4,764	83,844
Commission on art sales	-	-	5,417
Room hire and rent	2,204	2,204	19,954
Educational courses	-	-	130
Total 2021	<u>6,968</u>	<u>6,968</u>	<u>109,345</u>
<i>Total 2020</i>	<u>109,345</u>	<u>109,345</u>	

5. Other trading activities

	Unrestricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Fundraising events	-	-	10,143
Cafe and bar income	130	130	64,584
Programme advertising	-	-	6,523
Room hire	41,911	41,911	49,248
Total 2021	<u>42,041</u>	<u>42,041</u>	<u>130,498</u>
<i>Total 2020</i>	<u>130,498</u>	<u>130,498</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

6. Expenditure on raising funds

	Total funds 2021 £	<i>Total funds 2020 £</i>
Purchases	3,974	28,177
Parking charges	3,120	3,120
Light and heat	2,334	3,335
Print, post and stationery	558	627
Telephone	552	541
Repairs and renewals	1,336	7,707
Premises expenses	1,847	2,891
Advertising	2,790	4,338
Training costs	-	94
Insurance	1,834	1,830
Licences	200	80
Bad debts	50	343
Miscellaneous expenses	902	485
Interest	5,128	5,758
500 Club expenses	20	-
Wages and salaries	27,108	42,482
Social security costs	312	875
Pension contributions	385	495
Depreciation of tangible fixed assets	16,606	13,785
Total 2021	69,056	<i>116,963</i>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

7. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Auditorium	8,471	93,090	101,561	151,592
Commission on art sales	822	-	822	6,075
Room hire and rent	-	-	-	63
	<u>9,293</u>	<u>93,090</u>	<u>102,383</u>	<u>157,730</u>
<i>Total 2020</i>	<u>48,317</u>	<u>109,413</u>	<u>157,730</u>	

Analysis of direct costs

	Auditorium 2021 £	Commission on art sales 2021 £	Room hire 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Staff costs	-	-	-	-	3,869
Cinema films	32	-	-	32	674
Visiting theatre and music	8,439	-	-	8,439	37,080
Art shows	-	822	-	822	6,075
Rent and rates	-	-	-	-	63
Technical labour	-	-	-	-	556
Total 2021	<u>8,471</u>	<u>822</u>	<u>-</u>	<u>9,293</u>	<u>48,317</u>
<i>Total 2020</i>	<u>42,179</u>	<u>6,075</u>	<u>63</u>	<u>48,317</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2021 £	<i>Total funds 2020 £</i>
Staff costs	42,125	47,744
Depreciation	24,909	20,677
Licences	214	120
Light and heat	3,502	5,001
Telephone	829	811
Postage and stationary	1,781	1,173
Advertising	4,186	6,508
Repairs and renewals	1,060	11,327
Premises expenses	2,771	4,337
Training costs	-	141
Insurance	3,051	2,746
Interest	291	522
Sundries	1,354	728
Bad debts	76	515
Accountancy	6,941	6,423
Professional fees	-	640
	93,090	109,413

8. Independent examiner's remuneration

The independent examiner's remuneration amounts to an independent examiner fee of £3,666 (2020 - £3,726), and other services including software training and VAT assistance of £2,959 (2020 - £2,697).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

9. Staff costs

	2021 £	2020 £
Wages and salaries	68,176	91,114
Social security costs	786	2,779
Contribution to defined contribution pension schemes	968	1,572
	<u>69,930</u>	<u>95,465</u>

Staff costs include the cost of staff redundancies in the year of £2,091 (2020: £Nil).

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

	2021 No.	2020 No.
New Cut Arts Centre	<u>6</u>	<u>9</u>

The average headcount expressed as full-time equivalents was:

	2021 No.	2020 No.
New Cut Arts Centre	<u>2</u>	<u>5</u>

No employee received remuneration amounting to more than £60,000 in either year.

Total employee benefits of key management personnel were £27,279 (2020: £27,303).

10. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 March 2021, no Trustee expenses have been incurred (2020 - £NIL).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

11. Tangible fixed assets

	Land and buildings £	Plant and machinery £	Total £
Cost or valuation			
At 1 April 2020	915,577	249,793	1,165,370
Additions	26,283	59,687	85,970
At 31 March 2021	<u>941,860</u>	<u>309,480</u>	<u>1,251,340</u>
Depreciation			
At 1 April 2020	175,559	158,287	333,846
Charge for the year	18,836	22,679	41,515
At 31 March 2021	<u>194,395</u>	<u>180,966</u>	<u>375,361</u>
Net book value			
At 31 March 2021	<u>747,465</u>	<u>128,514</u>	<u>875,979</u>
<i>At 31 March 2020</i>	<u>740,018</u>	<u>91,506</u>	<u>831,524</u>

Included in land and buildings is freehold land and property with a carrying value of £747,466 (2020 - £740,020) which is pledged as security for liabilities.

12. Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>-</u>	<u>3,000</u>

NEW CUT ARTS
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

13. Debtors

	2021 £	2020 £
Due within one year		
Trade debtors	753	6,396
Other debtors	4,848	-
Prepayments and accrued income	13,472	932
	<u>19,073</u>	<u>7,328</u>

14. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	5,370	5,186
Other loans	7,989	-
Trade creditors	10,739	3,336
Other taxation and social security	-	1,031
Pension fund creditor	107	245
Other creditors	18	368
Accruals and deferred income	4,360	3,960
	<u>28,583</u>	<u>14,126</u>

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15. Creditors: Amounts falling due after more than one year

	2021	2020
	£	£
Bank loans	69,977	75,347
Other loans	57,015	62,805
Other creditors	5,000	5,000
	<u>131,992</u>	<u>143,152</u>

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2021	2020
	£	£
Payable or repayable by instalments	46,518	52,694
Payable or repayable other than by instalments	6,000	6,000
	<u>52,518</u>	<u>58,694</u>

Interest is charged on the bank loan at 2.5% above the bank base rate subject to a minimum of 3.5%. Instalments are paid monthly to cover the interest and capital. The loan is due to be repaid in October 2032 and is secured on the property to which it relates.

Other loans are secured by way of a first legal charge over the the freehold interest in the Malt Store Annex.

Further information regarding other loans is included in note 19.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

16. Statement of funds

Statement of funds - current year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2021 £
Unrestricted funds					
General Fund	595,128	162,920	(126,829)	60,983	692,202
Restricted funds					
Cutting Edge	63,642	-	(3,439)	-	60,203
Refurbishment	85,668	-	(6,019)	(9,029)	70,620
Lighting	17,967	-	(2,695)	-	15,272
Flooring	4,500	-	(675)	-	3,825
Website	-	5,000	-	-	5,000
Foyle	-	12,000	-	(9,334)	2,666
Lectern	2,000	-	-	(2,000)	-
Theatres Trust	-	2,560	-	-	2,560
Sound and light	-	17,305	-	(17,305)	-
ACE Emergency Response Fund	-	35,000	(29,030)	(5,970)	-
Business Energy Efficiency	-	17,345	-	(17,345)	-
Digital development	-	18,872	(2,752)	-	16,120
	173,777	108,082	(44,610)	(60,983)	176,266
Total of funds	768,905	271,002	(171,439)	-	868,468

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Balance at 31 March 2020 £</i>
Unrestricted funds					
General Fund	560,602	271,650	(250,614)	13,490	595,128
Restricted funds					
Cutting Edge	66,455	-	(2,813)	-	63,642
Refurbishment	100,716	-	(6,019)	(9,029)	85,668
Lighting	21,137	-	(3,170)	-	17,967
Flooring	5,294	-	(794)	-	4,500
Website	788	-	(788)	-	-
Foyle	14,956	-	(10,495)	(4,461)	-
Lectern	-	2,000	-	-	2,000
	209,346	2,000	(24,079)	(13,490)	173,777
Total of funds	769,948	273,650	(274,693)	-	768,905

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16. Statement of funds (continued)

The funds held in the Cutting Edge Fund are for the refurbishment of storage space to create performance and workshop space. As funds held are expended on fixed assets, a corresponding amount is transferred from this fund to the general fund except where these are subject to restrictions on their use. A transfer has been made in the current year corresponding to the depreciation on the assets on which the funding was spent.

The funds held in the Refurbishment Fund were for the purchase and refurbishment of the Old Maltings as the New Cut Arts Centre. The East of England Development Agency (EEDA) grants are repayable on a pro-rata basis over 20 years should the charity dispose of its freehold property and therefore the funds relating to EEDA grants are reduced by 5% on an annual basis.

The funds held in the Lighting Fund are for the renewal and improvement of lighting. As funds held are expended on fixed assets, a corresponding amount is transferred from this fund to the general fund except where these are subject to restriction on their use. A transfer has been made in the current year corresponding to the depreciation on the assets on which the funding was spent.

The funds held in the Flooring Fund are for the purchase of new rubber flooring for the stairs and corridors. As funds held are expended on flooring, a corresponding amount is transferred to the general fund to reflect the depreciation on the assets on which the funding was spent.

The funds held within the Foyle Fund were granted by the Foyle Foundation for refurbishment of the Centre including repairs to the existing roof, new front and back doors, sound-proofing for the cafe, auditorium sound and lighting upgrades and replacement drapes.

The funds held in the Lectern Fund were granted by the Mulberry Trust for the purchase of a digital lectern. This was purchased during the year end.

The funds held in the Theatres Trust fund were granted for the purpose of deep cleaning the premises prior to re-opening when covid restrictions allowed and included an amount for the purchase of personal protective equipment.

The funds included in the Sound and Light fund were for the purchase of sound and light equipment for the theatre. These funds were expended on fixed assets in the year.

The funds in the ACE Emergency Response fund were granted to provide immediate support for the charity in view of the coronavirus crisis.

The funds held in the Business Energy Efficiency fund were granted to fund energy efficiency measures including upgrading lighting and solar panels.

The funds held within the Digital Development fund are for the purpose of purchasing new streaming equipment and training, and creating a resource for a visual art project, an online resource for audiences to engage with our gallery spaces and artists.

The funds held within the Website fund and for the purpose of developing a new website and booking system.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	726,059	149,920	875,979
Current assets	117,934	35,130	153,064
Creditors due within one year	(19,799)	(8,784)	(28,583)
Creditors due in more than one year	(131,992)	-	(131,992)
Total	692,202	176,266	868,468

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Tangible fixed assets	659,747	171,777	831,524
Current assets	92,659	2,000	94,659
Creditors due within one year	(14,126)	-	(14,126)
Creditors due in more than one year	(143,152)	-	(143,152)
Total	595,128	173,777	768,905

18. Pension commitments

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £968 (2020: £1,279). Contributions totalling £107 (2020: £245) were payable to the fund at the balance sheet date and are included in creditors.

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19. Related party transactions

During a prior year a loan was made to the charity by a close family member of one of the trustees. The loan principal was £100,000 and was reduced in previous years by £43,600. The loan is to be repaid in installments of £5,000 per annum over 5 years with the balance due in May 2022. The payment due in the year ended 31 March 2021 was deferred and paid in May 2021. Interest is being charged on the loan at 3.5% per annum. In the year ended 31 March 2021, interest of £2,198 (2020: £2,496) was accrued on the loan. The balance outstanding at the year end is £64,004 (2020: £61,805).

The charity employs the spouse of one of the trustees. During the year, that employee received emoluments from the charity totalling £25,103 (2020: £25,106), including employer's pension contributions.