

Registered number: 08251877
Charity number: 1150733

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Annual report

31 October 2020

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Contents

	Page
Reference and administrative details	1
Trustees' report	2 - 9
Independent auditor's report to the members of Sunderland Music, Arts and Culture Trust	10 - 12
Statement of financial activities incorporating income and expenditure account	13
Balance sheet	14
Statement of cash flows	15
Notes to the financial statements	16 - 26

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Reference and administrative details

Year ended 31 October 2020

Trustees

Paul Michael Callaghan, CBE, DL, FRSA, Hon DBA, Chair

John Dennis Mowbray, OBE, DL

Robert William Lawson

Ross George Thomas Millard

Marie Nixon

Graeme Thompson

Company registered number

08251877

Charity registered number

1150733

Registered office

Chase House

4 Mandarin Road

Rainton Bridge

Houghton le Spring

Tyne and Wear

DH4 5RA

Company secretary

Ian High

Independent auditor

UNW LLP

Chartered Accountants

Citygate

St James' Boulevard

Newcastle upon Tyne

Tyne and Wear

NE1 4JE

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Trustees' report

Year ended 31 October 2020

The trustees present their annual report together with the audited financial statements of the trust for the year 1 November 2019 to 31 October 2020. 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 charity 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

● Policies and objectives

Established in 2012, Sunderland Music, Arts and Culture Trust ('the trust') has the objective of being a catalyst, developer and promoter of cultural activities within the city. It aims to bring together people with ability, talent and ambition who share a vision for Sunderland's future as a vibrant, creative and exciting place where the arts, music and culture flourish.

It seeks to encourage people of all ages and all backgrounds to participate in cultural activities such as playing an instrument, learning to dance, act or sing or creating literature or poetry. It also wants to help build audiences for the arts and culture performances in Sunderland.

The trust sees the digital revolution that has been created through new technology and the internet as an amazing opportunity, allowing new forms of creativity and providing ways of reaching existing and new audiences.

The trust seeks to develop the infrastructure and venues needed for this cultural renaissance in the city and help to build organisations and capacity within the sector.

Through a broad, balanced and sustainable programme of high-quality art and cultural activities for all, it will develop the range of its partnerships, the reach of its programming and awareness of its work. It will create and promote excellent arts and cultural programmes and events that engage and involve participants, encourage new and diverse audiences and enhance the wellbeing of the communities it works with.

The charity's objects are for the benefit of the public generally and in particular the inhabitants of Sunderland and its surrounding areas:

1. To promote urban or rural regeneration in areas of social and economic deprivation, particularly in Sunderland and its surrounding areas, by any or all of the following means:
 - the maintenance, improvement or provision of public amenities;
 - the preservation of buildings or sites of historic or architectural importance;
 - the provision of recreational facilities for the public at large or for those who by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances have need of such facilities; and
 - such other means as the trustees may from time to time determine.

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Trustees' report (continued)

Year ended 31 October 2020

Objectives and activities (continued)

2. To advance the arts (including music, music theatre, drama, decorative and visual arts, dance, ballet, circus, poetry, music hall, comedy and variety performance) and the education of the public in the arts by:
 - the establishment and maintenance of an arts venue and the presentation, production and commissioning of public concerts, plays, shows, performances and other demonstrations of the arts at the said venue and elsewhere;
 - such other means as the trustees may from time to time determine; and
 - for such other exclusively charitable purposes as the trustees may from time to time determine.

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)'.

• Activities undertaken to achieve objectives

Since it was established in 2012, the trust has been active in the following three areas in the city of Sunderland and the wider north east region:

1. The development of major infrastructure projects for arts and culture or to support arts and culture;
2. The delivery, promotion and support of cultural activity, events and cultural organisations; and
3. The establishment of innovative governance structures in partnership with key civic players to create and deliver a cultural strategy for the city.

1. The development of infrastructure

The primary objective under this area of activity has been to create a cultural quarter (the MACQ) in the centre of the city. This involves a major regeneration of the Edwardian heart of the city. It focuses on buildings or sites that are all within the Bishopwearmouth Conservation Area and sit next to Sunderland Minster and the Sunderland Empire. Of these, three were built between 1901 and 1908, the Dun Cow pub, the Old Fire Station and the Peacock pub. The final area of development is the construction of a Performing Arts Auditorium on a site between the Empire and the Fire Station on which there were previously three car parks created after previous buildings were demolished after bomb damage or later redevelopment. All buildings within the MACQ will be used for arts and culture purposes and collectively will form the vibrant and creative cultural heart of the city. When completed, the MACQ will include theatre, music and dance spaces, galleries, facilities for new cultural enterprises and music and artistic education centres. The funding for this ambitious regeneration of the centre of Sunderland through Arts and Culture has come from a number of sources. The Heritage Lottery Fund was the first major funder to commit and this was followed by support both in cash and in property by Sunderland City Council which has become an enthusiastic and committed partner in the project. Arts Council England have committed funding for the Fire Station and Auditorium. There has been significant private sector investment in the project from Leighton Management, a Sunderland based company. The company funded the initial master planning for the MACQ and has made significant loan funding available to the trust to enable the project to progress. Leighton has purchased both the Dun Cow and the Peacock pubs as part of the MACQ project. The profit from both pubs will be used to provide significant additional revenue funding for the Fire Station and Auditorium until 2027. The trust is also extremely grateful for the generous financial support it has received from the following Trusts and Foundations: The Garfield Weston Foundation, The Catherine Cookson Charitable Trust, The Foyle Foundation and the Wolfson Foundation.

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Trustees' report (continued)

Year ended 31 October 2020

Objectives and activities (continued)

2. *The delivery, promotion and support of cultural activity*

The trust also believes in being both a catalyst and developer of cultural activity within the city and has promoted, funded and initiated a number of key activities within Sunderland over recent years. The most significant of these activities is:

The Cultural Spring

This is Arts Council England Creative People and Places programme for Sunderland and South Tyneside, established in 2014. The three initial partners were the trust, Sunderland University and the Customs House. The founding partners have now been joined by Sangini, a Black and minority ethnic (BME) led, multicultural women's organisation based in Sunderland, Tyne and Wear. The trust funded the initial bid proposal and has continued to provide funding and leadership. The Cultural Spring has been extremely successful with a series of community-based initiatives as well as several major events including the Great North Passion, Rush, Summer Streets and Inventors! The Cultural Spring continues to be very successful and has been again funded by Arts Council England in the third round of the Creative People and Places programme.

3. *The establishment of innovative governance structures*

The trust was conceived not just as a mechanism for delivering infrastructure and cultural activity but also a vehicle that would demonstrate clear strategic cultural leadership in the city. It has worked with two key partners in seeking to achieve this: Sunderland University and the City Council. Both have ownership of key cultural assets in the city but more importantly both recognise the advantages and synergies that can be achieved in working collectively. This has been a three-stage process.

Sunderland Cultural Partnership

This was formed in 2013 bringing together the University, Council and the trust working together with Arts Council England and the Heritage Lottery Fund to develop the cultural life of the city. It has been a forum and decision-making body that has galvanized activity and focused minds in a way that the city has never previously seen. It has effective working groups and action groups and has been widely recognised for its success.

The Sunderland Cultural Strategy

The trust was a driving force in the development of this strategy that is a statement of the clear strategic vision that is now being developed within the city. Sponsored by the Cultural Partnership it involved a range of city partners and was extremely well received both within the cultural community but also in the wider world. It has been described as the trigger for the Sunderland Cultural Renaissance.

Sunderland Culture Limited

Following the success of the cultural partnership model, the three key partners agreed to take the next step and in early 2016 formed Sunderland Culture Limited, a charitable trust, providing long term leadership of culture and the arts in the city. Under Sunderland Culture the key assets of the city including the National Glass Centre, The Museum and Winter Gardens, the Northern Gallery for Contemporary Art as well as the assets of the MACQ will be strategically managed. The trust, as one of the three partners, has been the funder of this initiative and will work collectively to ensure its success in the future. Sunderland Culture is an Arts Council England National Portfolio Organisations and a registered charity.

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Trustees' report (continued) **Year ended 31 October 2020**

Achievements and performance

● Review of activities

2019/20 has been a challenging year for most organisations in the arts and culture sector. The Covid-19 pandemic has meant that many venues, including the Fire Station, have been closed for much of the year either as a part of the Government's activity lockdown or because of staffing challenges caused by Covid-19 or self-isolation. The Fire Station is the Sunderland home for Dance City, which delivers a range of dance programmes and has its MA in Dance based there but its programmes have been disrupted by the pandemic. Live Tales Sunderland, the project run by Live Theatre, is also based in the Fire Station and has also faced considerable disruption as a result of school closures and the need for social distancing.

Brims Construction are the main contractor for the Auditorium build, and while the project has suffered delays through lockdown and the impact of Covid-19 on staff and supply chains, the build has continued with a scheduled opening later in 2021. The trust is particularly grateful for the support it has received from Sunderland City Council and Arts Council England. Without their significant financial support, these developments would not have been possible.

The trust has continued to work with the City Council and Sunderland University through Sunderland Culture Limited, a city-wide organisation, delivering both cultural activities and managing the city's cultural venues. Despite the restrictions placed on activities because of Covid-19, Sunderland Culture has delivered an exciting and varied programme of activities for people in Sunderland. Some of this activity has been online and has been expertly delivered and well received. Throughout 2019/20, Sunderland Culture had 798,399 visitors to its venues and programmes, 63,421 participants of which 20,597 were family groups and 42,824 were adults. It delivered 313 exhibitions, performances and events, had 17,967 school visitors and was helped by 375 volunteers. On social media, it had 284,004 visits to its website and has 74,236 social media followers. The trust looks forward to another successful year for Sunderland Culture as Covid-19 restrictions are lifted.

Financial review

● Financial performance

Capital work on the Auditorium continued during 2019/20, with grants being received from Arts Council England to support the project. Following the completion of the Fire Station project in 2017/18 rental income was being generated but this has been much reduced since the start of the pandemic in order to support the cultural organisations using the building. In addition, the pubs have also been closed and consequently have not donated profits during the year. However, both of these income streams are expected to recover as restrictions ease through the summer of 2021.

The trust has incurred expenditure in relation to the ongoing management of the Fire Station and the delivery of the Summer Streets Festival.

Whilst the trust remains in a net current liability position, the trustees are satisfied with the overall performance in the year and the year end position, given the ongoing development underway.

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Trustees' report (continued)

Year ended 31 October 2020

• Going concern

Although in a net current liabilities position, the trust expects to continue to receive rental income in 2021 and 2022 as detailed in the reserves policy below. It continues to be supported by Leighton Management, who have confirmed that they will inject funds as needed for a period of at least twelve months from the date of signing these financial statements. Leighton Management provide loan funding until the development of the Auditorium is completed and further income sources come on stream.

The Covid-19 pandemic has obviously impacted on the arts and culture sector as a whole, with pubs and venues closed. Whilst this will inevitably impact on the immediate income streams of the trust, it is not expected to affect the longer-term plan and vision for the culture of the city as lockdown lifts and activities recommence over the coming months. Leighton Management have confirmed their commitment to underwrite the activities of the trust until it is income generating and able to be self-supporting.

After making appropriate enquiries, the trustees have a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

• Reserves policy

At the year end the trust has unrestricted reserves of £6,309,373, of which £7,670,628 was tied up in fixed assets with the deficit funded through loans. The trust will seek to accrue reserves once the development phase of the MACQ project is complete. It anticipates continuing to earn income from the Peacock and Dun Cow Public Houses and the Fire Station and in the future from the Auditorium in the 2020/21 financial year, albeit at reduced levels due to the Covid-19 pandemic. The trust will also continue to seek other grants from charitable trusts to support its work in the future.

• Plans for the future

The completion of the Auditorium will be the focus of much of the trust's work in the coming period.

Since March 2020, the trust has been working to support tenants of the Fire Station and will continue to work to secure the reopening as lockdown restrictions lift.

The success of Sunderland Culture is important for the city and the trust will continue to play a major role in helping deliver its cultural strategy for the next decade.

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Trustees' report (continued)

Year ended 31 October 2020

Structure, governance and management

• Constitution

The trust is registered as a charitable company limited by guarantee and was incorporated on 12 October 2012. It is a registered charity, number 1150733.

• The board and its members

The management of the company is the responsibility of the trustees, who are elected and co-opted under the terms of the Articles of Association. Induction is provided to new trustees if necessary.

The board has minimum number of five and maximum of 11 members. In the 2019/20 financial year the board had six members.

Articles provide for 'members' and 'directors' but in practice members of the board are both directors of the company and trustees of the trust. However, representatives of funding organisations (such as Sunderland City Council, the Heritage Lottery Fund and Arts Council England) may also attend as observers and participate in Board meetings.

Board composition and recruitment

Board membership reflects the diversity of the communities that the trust serves. In selecting its members, the board aims for a gender balance and encourages an appropriate age distribution. Furthermore, the board has a range of relevant skills, experience and abilities and has members who bring one or more of the following skills and experience:

- Arts and Entertainment Performance
- Finance/Accounting
- Business and business development
- Fundraising
- Networked within the business and/or wider community
- Marketing and communications
- Digital Social Media
- Education, training, skills development
- Human Resources Management
- Capital and premises development
- Legal
- Community Representation

Role of the board

Board members have corporate and individual responsibilities under company law and charity law. The board is responsible for the overall governance and strategic direction of the trust, developing its aims, objectives and goals in accordance with the governing document, as well as legal and regulatory guidelines. It is responsible overall for the future success of the trust and ensuring its long-term financial sustainability.

The board acts collectively and corporately, with care, diligence and skills, in the best interests of the trust.

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Trustees' report (continued) **Year ended 31 October 2020**

Structure, governance and management (continued)

• Diversity

The trust values and celebrates the diversity of all its artists, participants, audience members and staff. It is committed to providing a cultural and work environment free from discrimination, bullying, harassment or victimisation, where all artists, participants, audience members and staff are treated with respect and dignity. It aims to create a culture of diversity and inclusivity within the trust and its activities, providing a dynamic working and cultural environment, where all members are valued for their contribution and individuality.

Through its policies and practices, it works to ensure that all artists, participants, audience members and staff are welcome and do not face discrimination with regard to any aspect of their identity, such as age, disability, gender (including gender reassignment, marital status, pregnancy and maternity), ethnicity (including race, colour or nationality), religion or belief (including non-belief) or sexual orientation.

• Risk management

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

Members' liability

The members of the trust guarantee to contribute an amount not exceeding £10 to the assets of the trust in the event of winding up.

Statement of trustees' responsibilities

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

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

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

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

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Trustees' report (continued)

Year ended 31 October 2020

Disclosure of information to auditor

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

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

Approved by order of the members of the board of trustees on 27 July 2021 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Paul Callaghan', with a large, stylized flourish at the end.

Paul Michael Callaghan, CBE, DL, FRSA, Hon DBA
Chair of the board of trustees



Independent auditor's report to the members of Sunderland Music, Arts and Culture Trust

Opinion

We have audited the financial statements of Sunderland Music, Arts and Culture Trust (the 'trust') for the year ended 31 October 2020 which comprise the statement of financial activities incorporating income and expenditure account, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('United Kingdom Generally Accepted Accounting Practice').

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 October 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



Independent auditor's report to the members of Sunderland Music, Arts and Culture Trust (continued)

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.

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 trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the trustees' report has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.



Independent auditor's report to the members of Sunderland Music, Arts and Culture Trust (continued)

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 charitable company'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 charitable company 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.

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

Use of our report

This report is made solely to the charitable company's members, 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 charitable company's members 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 company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in dark ink, appearing to read 'Anne Hallowell'.

Anne Hallowell BSc FCA DChA (Senior Statutory Auditor)
For and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

27 July 2021

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account) Year ended 31 October 2020

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:					
Donations	4	15,000	3,723,981	3,738,981	417,531
Other activities	5	2,476	-	2,476	119,902
Investments	6	630	-	630	89
Total income		18,106	3,723,981	3,742,087	537,522
Expenditure on:					
Charitable activities		224,619	-	224,619	239,835
Total expenditure		224,619	-	224,619	239,835
Net (expenditure)/income		(206,513)	3,723,981	3,517,468	297,687
Transfers between funds	13	3,723,981	(3,723,981)	-	-
Net movement in funds		3,517,468	-	3,517,468	297,687
Reconciliation of funds:					
Total funds brought forward		2,791,905	-	2,791,905	2,494,218
Net movement in funds		3,517,468	-	3,517,468	297,687
Total funds carried forward		6,309,373	-	6,309,373	2,791,905

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

The notes on pages 16 to 26 form part of these financial statements.

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Balance sheet At 31 October 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	8	7,670,628	4,389,269
Current assets			
Debtors	10	223,185	323,651
Cash at bank and in hand		452,640	358,750
		<u>675,825</u>	<u>682,401</u>
Creditors: amounts falling due within one year	11	(1,257,080)	(1,249,765)
Net current liabilities		<u>(581,255)</u>	<u>(567,364)</u>
Total assets less current liabilities		<u>7,089,373</u>	<u>3,821,905</u>
Creditors: amounts falling due after more than one year	12	(780,000)	(1,030,000)
Total net assets		<u><u>6,309,373</u></u>	<u><u>2,791,905</u></u>
Charity funds			
Restricted funds	13	-	-
Unrestricted funds	13	6,309,373	2,791,905
Total funds		<u><u>6,309,373</u></u>	<u><u>2,791,905</u></u>

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

The financial statements were approved and authorised for issue by the trustees on 27 July 2021 and signed on their behalf by:



Paul Michael Callaghan, CBE, DL, FRSA, Hon DBA
Chair of the board of trustees

Company registered number: 08251877

The notes on pages 16 to 26 form part of these financial statements.

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Statement of cash flows Year ended 31 October 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by operating activities	15	3,644,853	395,885
Cash flows from investing activities			
Purchase of tangible fixed assets		(3,360,963)	(252,622)
Net cash used in investing activities		(3,360,963)	(252,622)
Cash flows from financing activities			
Cash inflows from new borrowing		472,000	205,000
Repayments of borrowing		(662,000)	-
Net cash (used in)/provided by financing activities		(190,000)	205,000
Change in cash and cash equivalents in the year		93,890	348,263
Cash and cash equivalents at the beginning of the year		358,750	10,487
Cash and cash equivalents at the end of the year	16	452,640	358,750

The notes on pages 16 to 26 form part of these financial statements

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 October 2020

1. General information

Sunderland Music, Arts and Culture Trust ('the trust') is a company limited by guarantee, incorporated in the United Kingdom and registered in England and Wales. The address of the registered office is disclosed in the reference and administrative details page on page 1 and the principal activity is disclosed in the trustees' report on page 2.

2. Accounting policies

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 periods presented, unless otherwise stated.

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.

The trust has early adopted the Amendments to FRS 102: COVID-19 related rent concessions.

The 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.

The financial statements are prepared in sterling, which is the functional currency of the charity and are rounded to the nearest £1.

2.2 Going concern

The financial statements have been prepared on a going concern basis. The ability of the trust to continue as a going concern is dependent on the continuing support of related parties, who have financed the initial work during this start up and project development phase. Trustees have confirmed that the outstanding loan balances will not be repaid until the trust is in a position to do so, and that they will inject sufficient additional funds should the need arise, thus enabling the trust to continue to operate as a going concern. Whilst the income streams of the trust generated from venues have been reduced through the Covid-19 pandemic, the trust is not yet wholly dependent upon them through the development phase of its vision and consequently the impact of Covid-19 has not been significant. On this basis, the trustees believe the going concern assumption is appropriate in the preparation of these financial statements.

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Notes to the financial statements

Year ended 31 October 2020

2. Accounting policies (continued)

2.3 Income

All income is recognised once the trust 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.

Rental income is recognised on a straight line basis over the period of the lease.

Interest income is recognised on an accruals basis.

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.

All expenditure is accounted for on an accruals basis.

The costs of each activity are made up of the total of direct costs and support costs involved in undertaking each activity.

Support costs are those costs incurred directly in support of expenditure on the objects of the company, including those incurred in connection with the administration of the company and compliance with constitutional and statutory requirements.

2.5 Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land and assets under construction. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Fixtures and fittings	-	25% straight line
Office equipment	-	25% straight line

2.6 Debtors

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

2.7 Cash at bank and in hand

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

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 October 2020

2. Accounting policies (continued)

2.8 Liabilities

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 trust 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.

2.9 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 trust 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 trust 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.

3. Critical accounting estimates and areas of judgment

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

The only estimate included within these financial statements is the depreciation charge. This is not considered to carry significant estimation uncertainty, not to bear significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year.

In preparing these financial statements, the trustees do not consider there were any significant areas of judgment that were required in applying the charity's accounting policies as set out above.

4. Income from donations

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Donations	-	-	-
Grants	15,000	3,723,981	3,738,981
	<u>15,000</u>	<u>3,723,981</u>	<u>3,738,981</u>

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Notes to the financial statements

Year ended 31 October 2020

4. Income from donations (continued)

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Donations	6,122	-	6,122
Grants	56,934	354,475	411,409
	<u>63,056</u>	<u>354,475</u>	<u>417,531</u>

5. Income from other activities

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Rental income	2,476	2,476	119,902
	<u>2,476</u>	<u>2,476</u>	<u>119,902</u>

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Bank interest receivable	630	630	89
	<u>630</u>	<u>630</u>	<u>89</u>

7. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Charitable activities	66,808	157,811	224,619
	<u>66,808</u>	<u>157,811</u>	<u>224,619</u>

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 October 2020

7. Analysis of expenditure by activities (continued)

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Charitable activities	139,770	100,065	239,835

Analysis of direct costs

	Charitable activities 2020 £	Total funds 2020 £	Total funds 2019 £
Delivery of capital projects	7,964	7,964	6,069
Summer Streets Festival	25,351	25,351	45,558
Building management costs	22,500	22,500	88,143
Cultural Spring	10,993	10,993	-
	66,808	66,808	139,770

Analysis of support costs

	Charitable activities 2020 £	Total funds 2020 £	Total funds 2019 £
Depreciation	79,604	79,604	79,018
Administration	73,018	73,018	12,022
Auditor's remuneration for the audit of these accounts	5,000	5,000	5,000
Auditor's remuneration for other services	189	189	4,025
	157,811	157,811	100,065

The trust has no employees. No trustees received any remuneration or benefits for their services to the trust, nor were any expenses reimbursed to trustees during the year (2019: £nil).

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 October 2020

8. Tangible fixed assets

	Assets under construction £	Land and buildings £	Fixtures and fittings £	Office equipment £	Total £
Cost					
At 1 November 2019	623,503	3,905,064	13,444	125	4,542,136
Additions	3,360,963	-	-	-	3,360,963
Transfers between classes	2,229	(2,229)	-	-	-
At 31 October 2020	<u>3,986,695</u>	<u>3,902,835</u>	<u>13,444</u>	<u>125</u>	<u>7,903,099</u>
Depreciation					
At 1 November 2019	-	147,134	5,608	125	152,867
Charge for the year	-	76,257	3,347	-	79,604
At 31 October 2020	<u>-</u>	<u>223,391</u>	<u>8,955</u>	<u>125</u>	<u>232,471</u>
Net book value					
At 31 October 2020	<u>3,986,695</u>	<u>3,679,444</u>	<u>4,489</u>	<u>-</u>	<u>7,670,628</u>
At 31 October 2019	<u>623,503</u>	<u>3,757,930</u>	<u>7,836</u>	<u>-</u>	<u>4,389,269</u>

Included in land and buildings is land with a cost of £90,000 (2019: £90,000) which is not depreciated.

9. Fixed asset investments

The trust is a 33.3% member of Sunderland Culture Limited, a partnership between the trust, Sunderland City Council and Sunderland University.

10. Debtors

	2020 £	2019 £
Trade debtors	5,850	25,997
Other debtors	56,854	11,194
Prepayments and accrued income	160,481	286,460
	<u>223,185</u>	<u>323,651</u>

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 October 2020

11. Creditors: amounts falling due within one year

	2020 £	2019 £
Loan	729,000	669,000
Trade creditors	350,322	53,697
Accruals and deferred income	177,758	527,068
	<u>1,257,080</u>	<u>1,249,765</u>
	2020 £	2019 £
Deferred income at 1 November	350,000	23,749
Resources deferred during the year	-	350,000
Amounts released from previous years	(350,000)	(23,749)
Deferred income at 31 October	<u>-</u>	<u>350,000</u>

12. Creditors: amounts falling due after more than one year

	2020 £	2019 £
Loan	<u>780,000</u>	<u>1,030,000</u>

The loan is unsecured, accrues interest at 3.5% and is repayable in September 2032.

Leighton Management Limited waived interest charges of £31,954 (2019: £35,792) during the year.

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Notes to the financial statements

Year ended 31 October 2020

13. Statement of funds

Statement of funds - current year

	Balance at 1 November 2019 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 October 2020 £
Unrestricted funds					
General funds	2,791,905	18,106	(224,619)	3,723,981	6,309,373
Restricted funds					
Restricted funds	-	3,723,981	-	(3,723,981)	-
Total of funds	2,791,905	3,742,087	(224,619)	-	6,309,373

Restricted funds represent grants received for specific capital projects, with funds transferred to unrestricted funds on defrayment.

Statement of funds - prior year

	Balance at 1 November 2018 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 October 2019 £
Unrestricted funds					
General funds	2,494,218	183,047	(239,835)	354,475	2,791,905
Restricted funds					
Restricted funds	-	354,475	-	(354,475)	-
Total of funds	2,494,218	537,522	(239,835)	-	2,791,905

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 October 2020

14. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	7,670,628	7,670,628
Current assets	675,825	675,825
Creditors due within one year	(1,257,080)	(1,257,080)
Creditors due in more than one year	(780,000)	(780,000)
Total	6,309,373	6,309,373

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	4,389,269	4,389,269
Current assets	682,401	682,401
Creditors due within one year	(1,249,765)	(1,249,765)
Creditors due in more than one year	(1,030,000)	(1,030,000)
Total	2,791,905	2,791,905

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

	2020 £	2019 £
Net income for the year (as per statement of financial activities)	3,517,468	297,687
Adjustments for:		
Depreciation charges	79,604	79,018
Decrease/(increase) in debtors	100,466	(304,795)
(Decrease)/increase in creditors	(52,685)	323,975
Net cash provided by operating activities	3,644,853	395,885

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Notes to the financial statements

Year ended 31 October 2020

16. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	<u>452,640</u>	<u>358,750</u>

17. Analysis of changes in net debt

	At 1 November 2019 £	Cash flows £	At 31 October 2020 £
Cash at bank and in hand	358,750	93,890	452,640
Debt due within 1 year	(669,000)	(60,000)	(729,000)
Debt due after 1 year	<u>(1,030,000)</u>	<u>250,000</u>	<u>(780,000)</u>

18. Capital commitments

	2020 £	2019 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	<u>3,485,088</u>	<u>5,319,916</u>

19. Operating lease

The trust owns land and buildings which are rented out to a third party. At 31 October 2020, the trust had future minimum lease receipts under a non-cancellable operating lease as follows:

	2020 £	2019 £
Not later than 1 year	52,850	52,850
Later than 1 year and not later than 5 years	211,400	211,400
Later than 5 years	114,508	167,358
	<u>378,758</u>	<u>431,608</u>

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Notes to the financial statements

Year ended 31 October 2020

20. Related party transactions

Included within creditors are two loans from Leighton Management Limited, a company wholly owned by Paul Callaghan, trustee, totalling £1,509,000 (2019: £1,699,000). During the year, the trust incurred costs of £8,053 (2019: £6,971) from Leighton Management Limited and owed £1,103 (2019: £465) at the year end, included within creditors. The trust received income of £4,237 (2019: £75,625) from Leighton Management Limited and was owed £850 (2019: £24,334) at the year end, included within debtors.

During the year, the trust received income of £nil (2019: £25,712) from Sunderland Culture Limited, a company of which Paul Callaghan, John Mowbray and Graeme Thompson, trustees, are directors. During the year, the trust incurred costs of £48,250 (2019: £76,500) from Sunderland Culture Limited and owed £27,000 (2019: £31,500) at the year end, included within creditors.

During the year, Ross Millard, trustee, received payments of £11,151 (2019: £10,994) for his role as the artistic director of the Summer Streets Festival, a project supported by the trust.