

Registered number: 08251877
Charity number: 1150733

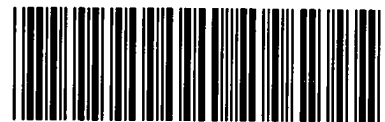
Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Annual report

Year ended 31 October 2021

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Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

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Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Reference and administrative details

Year ended 31 October 2021

Trustees

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

John Dennis Mowbray, OBE, DL

Robert William Lawson OBE

Ross George Thomas Millard

Marie Nixon

Graeme Thompson MBE

Company registered number

08251877

Charity registered number

1150733

Registered office

The Fire Station

High Street West

Sunderland

SR1 3HA

Company secretary

Paul Callaghan

Independent auditor

UNW LLP

Chartered Accountants

Citygate

St James' Boulevard

Newcastle upon Tyne

NE1 4JE

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Trustees' report

Year ended 31 October 2021

The trustees present their annual report together with the audited financial statements of the trust for the 1 November 2020 to 31 October 2021. The trustees present their annual report together with the audited financial statements of the Trust for the year 1 November 2020 to 31 October 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 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 encourages 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 helps 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 develops the infrastructure and venues needed for this cultural renaissance in the city and helps 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 has developed the range of its partnerships, the reach of its programming and awareness of its work. It helps 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

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Trustees' report (continued) Year ended 31 October 2021

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 the creation of a cultural quarter in the centre of Sunderland. This has involved a major regeneration of the Edwardian heart of the city, focusing 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 has been the construction of the Fire Station Auditorium, a performing arts venue situated 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. Despite the challenges caused by the Covid pandemic, the Auditorium was completed and opened in December 2021.

Buildings within the Cultural Quarter will be used for arts and cultural purposes and collectively will form the vibrant and creative cultural heart of the city. The Quarter now includes theatre, music and dance spaces, facilities for new cultural enterprises and music and artistic education studios and 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 committed significant 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 Quarter and has made significant loan funding available to the Trust to enable the project to progress. Leighton Management has purchased both the Dun Cow and the Peacock pubs as part of the project. The rent 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, the Wolfson Foundation, the Backstage Trust, and the Sir James Knott Trust.

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Trustees' report (continued)

Year ended 31 October 2021

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 several key activities within Sunderland over recent years. The most significant of these activities is:

The Cultural Spring

This project was established in 2014 as part of the Arts Council England Creative People and Places programme for Sunderland and South Tyneside. 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. 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 has been again funded by Arts Council England in the recent round of the Creative People and Places ('CPP') programme. The latest grant brings Cultural Spring's total CPP funding to £5.5million since 2014. The new Sunderland programme began in April 2022.

The Cultural Spring works with the best local, regional, and national artists to provide workshops, events, and subsidised tickets and since 2014, has worked across 26 ward areas in South Tyneside and Sunderland to engage communities in the arts. The project's aim is to leave a legacy of communities interested in the arts by increasing participation in arts and culture, enabling more excellent art and creativity, and helping communities to set up and run sustainable events and workshops. The workshop programme includes activities like ceramics, guitar and ukulele, crafting, drawing, painting, photography, singing, dancing, theatre and more, run by professional artists. The aim is to make these activities as accessible as possible using local venues that communities are familiar with. Other Cultural Spring Programmes include 'Go and See' that aims to give people in Sunderland and South Tyneside the chance to experience the best arts and cultural events across the North East and beyond and 'Your Art' which supports communities to develop their own arts ideas and to support people to shape, lead and programme arts events that they want in their communities. To date, 144 Your Art projects have been supported

In September 2020, The Cultural Spring Charity was established to support the work and values of The Cultural Spring project and increase investment in arts and culture from a range of sources, including trusts and foundations. Currently, the Charity's main priority is working with partners to ensure The Cultural Spring continues its work in South Tyneside once the current CPP project comes to an end there in March 2023. This is due to South Tyneside no longer being eligible for Creative People and Places funding.

The MAC Trust has representation on the Steering Group of the Cultural Spring and on the Cultural Spring Charity Board and is committed to continuing to develop the work of The Cultural Spring and exploring new opportunities for communities to engage in arts and culture across Sunderland and South Tyneside.

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.

Sunderland Music, Arts and Culture Trust

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Trustees' report (continued)

Year ended 31 October 2021

Objectives and activities (continued)

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 and the Fire Station are 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.

Achievements and performance

• Review of activities

2020/21 has continued to be a challenging year for organisations in the arts and culture sector. The Covid 19 pandemic has meant that many venues, including the Fire Station, were 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. In September 2021, the Fire Station became the home of the Northern Academy for Music Education, an independent music academy, which delivers a BA (Music Industries) validated by the University of Sunderland. It is based on the top floor of the Fire Station and the upper floors of the Peacock.

Brims Construction have been 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 continued, and the Auditorium was opened on December 10th, 2021. The Trust has agreed a management protocol with Sunderland Culture so that all programming and operations in the Fire Station will be delivered by Sunderland Culture.

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, delivering both cultural activities and managing the city's cultural venues. The impact of the Covid 19 pandemic resulted in exceptional challenges for Sunderland Culture during 2020/21. Vital investment from DCMS, through the Culture Recovery Fund, Arts Council England, Art Fund, Garfield Weston Culture Fund and Sunderland City Council enabled it to keep going and despite all the uncertainties, it launched a new online shop to generate vital earned income, developed new digital exhibitions and performances so audiences could still access its programme, designed creative activity packs to support health and wellbeing and creative learning for children and adults across the city, delivered artist support and training sessions and secured funding for new artists commissions and creative projects. This shows more than ever the critical role that arts and culture plays in difficult times.

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Trustees' report (continued)

Year ended 31 October 2021

Financial review

• Financial performance

Capital work on the Auditorium continued during 2020/21, with grants being received from Arts Council England and from the DCMS Cultural Recovery Fund to support the project as well as generous support from several Trusts and Foundations. Following the completion of the Fire Station project in 2017/18 rental income was being generated but this has been reduced since the start of the pandemic to support the cultural organisations using the building. In addition, the pubs were closed for periods during the year, however both income streams began to recover as restrictions eased and venues were able to reopen in late summer 2021.

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

The trustees are satisfied with the overall performance in the year and the year-end position, given the ongoing development underway.

• Going concern

The Trust expects to continue to receive rental income in 2022 and 2023 as detailed in the reserves policy below. It continues to be supported by Leighton Management, who have confirmed that it will inject funds as needed for a period of at least twelve months from the date of signing these financial statements. Leighton Management will continue to provide loan funding until the Auditorium is fully operational 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 £9,484,992, of which £12,007,924 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, the Fire Station, and the Auditorium in the 2021/22 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 successful launch of the Auditorium and then development of associated events and projects will be the focus of much of the Trust's work in the coming period.

The Trust will continue to support Sunderland Culture in managing the Fire Station as well as developing projects with several partners. 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 2021

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 2020/21 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 2021

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 . 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 2021

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 2022 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 2021 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 2021 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

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

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

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



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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

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

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the trustees and other management (as required by Auditing Standards) and from inspection of the charitable company's legal correspondence and we discussed with the trustees and other management the policies and procedures in place regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies and charities legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, data protection, environmental law and certain aspects of company legislation, recognising the nature of the charitable company's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we did not become aware of any actual or suspected non-compliance material to the financial statements.



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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

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 2022

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account) Year ended 31 October 2021

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations	4	4,513	4,082,564	4,087,077	3,738,981
Other activities	5	8,500	-	8,500	2,476
Investments	6	-	-	-	630
Total income		13,013	4,082,564	4,095,577	3,742,087
Expenditure on:					
Charitable activities	7	220,459	37,342	257,801	224,619
Total expenditure		220,459	37,342	257,801	224,619
Net (expenditure)/income		(207,446)	4,045,222	3,837,776	3,517,468
Transfers between funds	13	4,045,222	(4,045,222)	-	-
Net movement in funds		3,837,776	-	3,837,776	3,517,468
Reconciliation of funds:					
Total funds brought forward		6,309,373	-	6,309,373	2,791,905
Net movement in funds		3,837,776	-	3,837,776	3,517,468
Total funds carried forward		10,147,149	-	10,147,149	6,309,373

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

The notes on pages 17 to 28 form part of these financial statements.

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Balance sheet At 31 October 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	8	12,007,924	7,670,628
Current assets			
Debtors	10	856,898	223,185
Cash at bank and in hand		47,639	452,640
		<u>904,537</u>	<u>675,825</u>
Creditors: amounts falling due within one year	11	(465,312)	(1,257,080)
Net current assets / liabilities		<u>439,225</u>	<u>(581,255)</u>
Total assets less current liabilities		<u>12,447,149</u>	<u>7,089,373</u>
Creditors: amounts falling due after more than one year	12	(2,300,000)	(780,000)
Total net assets		<u><u>10,147,149</u></u>	<u><u>6,309,373</u></u>
Charity funds			
Restricted funds	13	-	-
Unrestricted funds	13	10,147,149	6,309,373
Total funds		<u><u>10,147,149</u></u>	<u><u>6,309,373</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 2022 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 17 to 28 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 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by operating activities	15	2,881,392	3,644,853
Cash flows from investing activities			
Purchase of tangible fixed assets		(4,077,393)	(3,360,963)
Net cash used in investing activities		(4,077,393)	(3,360,963)
Cash flows from financing activities			
Cash inflows from new borrowing		1,195,000	472,000
Repayments of borrowing		(404,000)	(662,000)
Net cash provided by/(used in) financing activities		791,000	(190,000)
Change in cash and cash equivalents in the year		(405,001)	93,890
Cash and cash equivalents at the beginning of the year		452,640	358,750
Cash and cash equivalents at the end of the year	16	47,639	452,640

The notes on pages 17 to 28 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 2021

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

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Notes to the financial statements

Year ended 31 October 2021

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 2021

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, nor 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.

Sunderland Music, Arts and Culture Trust

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Notes to the financial statements

Year ended 31 October 2021

4. Income from donations

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Grants	4,513	4,082,564	4,087,077

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Grants	15,000	3,723,981	3,738,981

5. Income from other activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Rental income	8,500	8,500	2,476

6. Investment income

	Total funds 2021 £	Total funds 2020 £
Bank interest receivable	-	630

Sunderland Music, Arts and Culture Trust

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Notes to the financial statements

Year ended 31 October 2021

7. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £
Charitable activities	94,448	163,353	257,801

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

Analysis of direct costs

	Charitable activities 2021 £	Total funds 2021 £	Total funds 2020 £
Delivery of capital projects	13,468	13,468	7,964
Summer Streets Festival	35,545	35,545	25,351
Building management costs	-	-	22,500
Cultural Spring	8,093	8,093	10,993
Sunderland Culture project delivery costs	37,342	37,342	-
	94,448	94,448	66,808

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Notes to the financial statements

Year ended 31 October 2021

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Charitable activities 2021 £	Total funds 2021 £	Total funds 2020 £
Depreciation	81,753	81,753	79,604
Administration	75,787	75,787	73,018
Auditor's remuneration for the audit of these accounts	5,813	5,813	5,000
Auditor's remuneration for other services	-	-	189
	<u>163,353</u>	<u>163,353</u>	<u>157,811</u>

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 (2020: £nil).

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Notes to the financial statements

Year ended 31 October 2021

8. Tangible fixed assets

	Assets under construction £	Land and buildings £	Fixtures and fittings £	Office equipment £	Total £
Cost					
At 1 November 2020	3,986,695	3,902,835	13,444	125	7,903,099
Additions	4,387,955	31,095	-	-	4,419,050
At 31 October 2021	<u>8,374,650</u>	<u>3,933,930</u>	<u>13,444</u>	<u>125</u>	<u>12,322,149</u>
Depreciation					
At 1 November 2020	-	223,391	8,955	125	232,471
Charge for the year	-	78,406	3,348	-	81,754
At 31 October 2021	<u>-</u>	<u>301,797</u>	<u>12,303</u>	<u>125</u>	<u>314,225</u>
Net book value					
At 31 October 2021	<u>8,374,650</u>	<u>3,632,133</u>	<u>1,141</u>	<u>-</u>	<u>12,007,924</u>
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>

Included in land and buildings is land with a cost of £90,000 (2020: £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.

The trustees do not consider the trust to have significant influence over Sunderland Culture Limited, and therefore do not consider it to be an associate. Accordingly, Sunderland Culture Limited is not consolidated into the accounts of the trust.

Sunderland Music, Arts and Culture Trust

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Notes to the financial statements

Year ended 31 October 2021

10. Debtors

	2021 £	2020 £
Trade debtors	-	5,850
Other debtors	28,727	56,854
Prepayments and accrued income	828,171	160,481
	<u>856,898</u>	<u>223,185</u>

11. Creditors: amounts falling due within one year

	2021 £	2020 £
Loan	-	729,000
Trade creditors	3,029	350,322
Accruals and deferred income	462,283	177,758
	<u>465,312</u>	<u>1,257,080</u>

	2021 £	2020 £
Deferred income at 1 November	-	350,000
Resources deferred during the year	37,342	-
Amounts released from previous years	-	(350,000)
Deferred income at 31 October	<u>37,342</u>	<u>-</u>

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

	2021 £	2020 £
Loan	<u>2,300,000</u>	<u>780,000</u>

The loan, which is from Leighton Management Limited, has a term of 40 years, is unsecured, accrues interest at 3% per annum and is repayable in consecutive monthly instalments commencing in November 2020 and continuing until October 2060. However, Leighton Management Limited have confirmed that the scheduled payments of capital during the year ending 31 October 2022 have been waived, therefore the full value of the loan has been classified as due in more than one year.

Leighton Management Limited has also waived payments of capital and interest during the year to 31 October 2021. The total value of interest charges waived during the year was £54,473 (2020: £31,954).

Sunderland Music, Arts and Culture Trust

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Notes to the financial statements

Year ended 31 October 2021

13. Statement of funds

Statement of funds - current year

	Balance at 1 November 2020 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 October 2021 £
Unrestricted funds					
General funds	6,309,373	13,013	(220,459)	4,045,222	10,147,149
Restricted funds					
Restricted funds	-	4,082,564	(37,342)	(4,045,222)	-
Total funds	6,309,373	4,095,577	(257,801)	-	10,147,149

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 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 funds	2,791,905	3,742,087	(224,619)	-	6,309,373

Sunderland Music, Arts and Culture Trust

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Notes to the financial statements

Year ended 31 October 2021

14. 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	12,007,924	-	12,007,924
Current assets	565,885	338,652	904,537
Creditors due within one year	(126,660)	(338,652)	(465,312)
Creditors due in more than one year	(2,300,000)	-	(2,300,000)
Total	10,147,149	-	10,147,149

Analysis of net assets between funds - prior year

	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

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

	2021 £	2020 £
Net income for the year (as per Statement of Financial Activities)	3,837,776	3,517,468
Adjustments for:		
Depreciation charges	81,754	79,604
Decrease/(increase) in debtors	(633,713)	100,466
(Decrease)/increase in creditors	(404,425)	(52,685)
Net cash provided by operating activities	2,881,392	3,644,853

Sunderland Music, Arts and Culture Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 October 2021

16. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	47,639	452,640

17. Analysis of changes in net debt

	At 1 November 2020 £	Cash flows £	Other non- cash changes £	At 31 October 2021 £
Cash at bank and in hand	452,640	(405,001)	-	47,639
Debt due within 1 year	(729,000)	-	729,000	-
Debt due after 1 year	(780,000)	(791,000)	(729,000)	(2,300,000)

18. Capital commitments

	2021 £	2020 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	1,332,657	3,485,088

19. Operating leases

The Trust owns land and buildings which are rented out to a third party. At 31 October 2021 the trust had future minimum lease receipts under a non-cancellable operating lease as follows:

	2021 £	2020 £
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	52,850	114,508
	317,100	378,758

Sunderland Music, Arts and Culture Trust

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Notes to the financial statements

Year ended 31 October 2021

20. Related party transactions

Included within creditors are loans from Leighton Management Limited, a company wholly owned by Paul Callaghan, trustee, totalling £2,300,000 (2020: £1,509,000). During the year, the Trust paid £9,414 (2020: £8,053) to Leighton Management Limited and owed £nil (2020: £1,103) at the year end. During the year, the Trust received £11,050 (2020: £4,237) from Leighton Management Limited and was owed £nil (2020: £850) at the year end.

The Trust is the accountable body for a grant from Arts Council England, with Sunderland Culture, a company of which Paul Callaghan, John Mowbray and Graeme Thompson, trustees, are directors, as the delivery partner. During the year, the Trust granted £37,432 (2020: £nil) to Sunderland Culture in respect of the delivery of this project. At the year end, a balance of £37,432 (2020: £nil) was held in prepayments as cash paid to Sunderland Culture to fund activities that will be delivered in 2021/22. In the prior year, Sunderland Culture supplied services amounting to £48,250 to the Trust, of which £27,000 was owing to Sunderland Culture at the prior year end and was received during the year.

During the year, Ross Millard, trustee, received payments of £13,203 (2020: £11,151) for his role as the artistic director of the Summer Streets Festival, a project supported by the Trust.

During the year, the Trust paid £3,000 (2020: £nil) to Richard Callaghan, son of Paul Callaghan, trustee, in relation to consultancy fees.

During the year, the Trust paid £197 (2020: £nil) to Pub Culture Ltd, a company in which Paul Callaghan, trustee, is a director, in relation to recharges of costs.

During the year, the Trust paid £413 (2020: £nil) to Sunderland BID Limited, a company in which Graeme Thompson, trustee, is a director, in relation to rent and rates, and owed £413 (2020: £nil) at the year end.