

# **TRS GALLERY**

## **INDEPENDENTLY EXAMINED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020**

Company Number: 06988365

Charity Number: 1152968

The Royal Standard

Northern Lights

5 Mann Street

Liverpool

L8 5AF

**TRS GALLERY  
ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**TRUSTEES**

M Ball  
M Brewster  
D Evans  
M Hooper  
Y Karcheva  
L Payot  
R Stockill

**REGISTERED OFFICE**

Studio 19, The Bluecoat, 8 School Lane  
Liverpool, L1 3BX

**COMPANY NUMBER**

06988365

**CHARITY NUMBER**

1152968

**BANKERS**

HSBC

**INDEPENDENT EXAMINERS**

Adding Value Consultancy Ltd  
Studio 19, The Bluecoat, 8 School Lane  
Liverpool, L1 3BX

**TRS GALLERY  
ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020**

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**TRS GALLERY  
ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020**

**TRUSTEES' REPORT**

The trustees present their report and accounts for the year ended 31 August 2020 for TRS Gallery, which is also known as The Royal Standard.

**PRINCIPAL ACTIVITIES**

The charitable company develops, promotes and advances the arts, including visual arts, craft and design, video, sound and digital arts and performance art.

**CHARTIABLE OBJECTIVES**

The charitable company aims to:

- Provide affordable studio spaces and supportive community to emerging artists
- Showcase exciting, innovative exhibitions and events
- Work with the most outstanding recent graduates and emerging artists as well as more established practitioners and other artist-led initiatives
- Develop a dynamic and challenging gallery programme
- Build national audiences; and
- Develop existing local and national relationships.

The charitable company aims to support and develop:

- New audiences: locally, nationally and internationally
- Opportunities for participation in arts activities; and
- Curatorial knowledge and resources.

**SUMMARY OF ACTIVITIES UNDERTAKEN TO FURTHER THE OBJECTIVES**

The charitable company will pursue these aims by the following principles:

- Provide equality of opportunity, in both its work in the arts and the development of the organisation
- Implement financial planning and increase paid capacity in the team to better support finances, governance, and studio management operations
- Consult with community to better inform programme and serve the needs of the local community
- Developing existing partnerships with organisations; and
- Creating and sustaining a mixed funding base

**PUBLIC BENEFIT STATEMENT**

In considering the objectives and activities, the Trustees have considered Charity Commission guidance on public benefit to ensure that the organisation is meeting its public benefit requirements.

**TRS GALLERY  
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**TRUSTEES' REPORT**

**ORGANISATION AND LEGAL STATUS**

The charity is a company limited by guarantee and registered as a Charity. The charitable company is controlled by its governing document, memorandum of articles incorporated on 12<sup>th</sup> August 2009 as amended by special resolution(s) dated 8<sup>th</sup> March 2013 as registered at Companies House on 5<sup>th</sup> April 2013.

The organisation is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is £1.

**TRUSTEES AND THEIR APPOINTMENT AND TRAINING**

The charitable company is governed by a Board of Trustees, who are also its Directors. Members of the Board of Trustees during the year are listed above.

Trustees are recruited based on a regular review if skills considered necessary and ongoing discussion between the existing Board of Trustees. Numbers are limited and the charitable company has a policy of a rolling Trusteeship/Directorship to keep the charitable company focused and forward thinking. The current Board has a range of skills including business management, sales, fundraising, arts education, art practice, curatorial practice, and arts administration.

**ACHIEVEMENTS AND PERFORMANCE DURING THE YEAR**

The charitable company delivered several programmes and events in the year attracting new and existing audiences to the gallery and studios. Due to the covid-19 pandemic and nation wide lockdown, the organisations focus was set to support its immediate community of artists through the period and delivering online activity.

After securing Emergency Funding from Arts Council England, we provided reduced rent to studio artists to reduce the financial pressures placed on our community of artists, many of whom had their finances dramatically reduced due to loss of freelance work and commissions. The funding also allowed us to undergo internal organisational development, such as setting up new financial systems and producing a new, fit for purpose website, developing brand guidelines and supporting studio artists through sharing funding opportunities and supporting with grant applications.

**STUDIO SHOW — October – November 2020**

Celebrating the diversity within our artistic community, *Studio Show* reflected a unique dialogue between 22 artists at The Royal Standard and drawn parallels between unrelated practices. To accommodate each artist's unique working habits, the un-themed exhibition reflects the difference voices, ideas and personalities that come together within the studio and the threads of common interest drawn between individual artists working practices and styles.

**TRS GALLERY  
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**TRUSTEES' REPORT**

**SHUFFLE – February 2020**

The Royal Standard acted as leading partners in *SHUFFLE* — a one night event designed to expose and elevate the most innovative grassroots activity happening in Liverpool. The night brought together artist-led and DIY multi-disciplinary incentives including BITCH Palace, Zooniverse, and Common Zine, as well as independent curators Ben Lunt and Dan Waine to produce micro-exhibitions 'Hagrid' and 'You scratch my back, I'll scratch yours'. With The Royal Standard acting as a centre point and host, the night produced 8 exhibitions, supporting over 60 artists, and welcoming 400+ visitors.

**TRS – GEN: Generator Projects Exchange – October 2019 & March 2020**

Part of a cross-city exchange celebrating artist-led organisations nationally & introduces artists from across the Nation to new audiences — we participated in a two-part exchange with Dundee-based artist-led, GENERATOR Projects.

In 2019, GENERATOR Projects hosted four studio members — Ben Lunt, Laura Spark, Gregory Herbert and Amy Mizrahi from The Royal Standard for an exhibition in Dundee. In 2020, an exchange exhibition was hosted at The Royal Standard Gallery, highlighting the work of GENERATOR Projects voluntary team of artists who manage the space, allowing the artists-come-directors to reclaim their practice and showcase their work.

**UTOPIA – July – November 2020**

In a time of profound environmental, economic, and social crisis, The Royal Standard invited artists to respond to ideas of UTOPIA through a series of micro-commissions.

Overnight, COVID-19 drastically changed global living dynamics. Does this crisis offer us an opportunity to radically reinvent the world in which we live? Can we rethink how we act and connect? Can we live slower and more intentionally, bringing local and global communities together, reducing our impact on the planet and having a positive effect on a mass scale?

Utopian thinking aspires to a better world and has long been harnessed as a tool by artists to contribute to our understanding of culture and to map out future possibilities. However, some argue failed Utopian projects of the past prove radical ideas for social change are impractical and irrational schemes. We invited six artists to respond to such ideas and questions through their projects, plotting out visions and hopes for the future by responding to real or imaginary sites.

Manifesting within the digital realm, the programme commissioned six emerging to mid-career artists produce new digital works. Artists included Kiara Mohammed, Brendan Curtis, John Carney, Bink Bulthaweenan, Rowland Hill and Patt Flynn — threads running through each individual project included how collective thinking can activate social and economic change, the individual's capacity to create their own utopia and looking to the past to understand or reimagine the present and future.

**TRS GALLERY  
ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020**

**TRUSTEES' REPORT**

**TRS SETS – April – June 2020**

'TRS Sets' was a social media game-style responsive art challenge conducted through Instagram stories which encouraged audience participation through sharing artworks and images. Each weekend for a 10-week period, The Royal Standard would set a challenge brief on Instagram, giving audiences 48 hours to respond creatively with an artwork or image. At 8:00pm on Sunday we would share all responses, using our online platforms to highlight national artists and draw attention to their work. Providing some light touch fun in what was a testing period, we received 204 submissions with more than 45,900 online engagements over the 10-week period.

**LJMU Residency Scheme**

As part of our long-standing relationship with Liverpool School of Art and Design, we provided new graduates with a residency space at our studios for a 6 month period. In that time, they have access to our facilities, and we work with them to help support their development through events. This year, we supported four recent graduates including Michael Roberts, and emerging artists Ash//Ella — leading to their first exhibition with Cognitive Sensations, held in July 2021.

**FUTURE PLANS**

The Royal Standard's organisational development has been hindered due to the Pandemic; like many organisations, we are a year behind and trying to keep focus our attention internally; focusing on the immediate community of artists we are working with.

Strategic planning work initiated in 2019 has been put on pause for the time being, although our mission and goals as an organisation remain the same and we are consistently looking for ways to improve our services benefit for its artists, volunteers and wider community or emerging practitioners. The tangible steps and goals outlined in our Business Plan and forecast, produced by Andrea Nixon and Jim Buso in 2019, are still attainable but have been delayed due to the pandemic. Moving forward, our main concern is gaining paid capacity to support our community of artists, manage finances and manage regional and national relationships with arts organisations and partners.

Our main focus and priority will be on continuing to support artists through pandemic recovery, through access to opportunities, support with funding and increased opportunities to have a say and participate in the shaping of our programme. We recently initiated a programme committee to give studio artists a say in what they think should be shown in the gallery and what would support their artistic development as a group, many of whom are new graduates and emerging professionals. Our Space Raiders Residencies — a series of 2 week mini-residencies open to artists in Liverpool — initiated late this year has given artists without access to a studio space, the opportunity to produce work at scale, bring new ideas to fruition and generate new thinking.

**TRS GALLERY  
ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020**

**TRUSTEES' REPORT**

The Royal Standard has been given access to a former M&S retail space in Bootle, granted by Axis-Web, which offers a unique space for our studio artists and the wider artistic community to come to produce work at scale and have access to affordable space which is near impossible within the city. The open plan space offers the chance for artists to work collaboratively and bounce round new ideas and thinking, rather than working in silos. We plan to utilise the space and invite new artists to do Space Raider residencies similar

We will also continue to work alongside LJMU to facilitate our successful poly residency Scheme, helping to support emerging young artists within the city region. This year, we will continue this relationship and explore ways we can work with MA students, and tap into networks further afield, in Bootle. We are exploring the potential of developing relationships with Hugh Baird University and College, providing their students with access to space, and the energy and expertise of more experienced artists.

We are also keen to consult with the community in terms of what they would like from us as an organisation when planning our future programme for 2022. We plan to hold a series of consultancy sessions in our gallery space, inviting the artists, peers, community members and organisations in to discuss the role we play in the community, collect views on what they would like to see and how our programme can better reflect them and their interests. Hosted in Autumn 2021, the session will inform future bids for our spring to autumn programme in 2022.

### **GOING CONCERN**

The financial statements have been prepared on a going concern basis. The trustees have considered the level of funds held and the expected level of income and expenditure for the twelve months from authorising these financial statements. The trustees assess the charity to be a going concern based on review of financial performance of the 2020/21 year to date, the management accounts forecast for the remainder of 2020/21, the rolling cash flow forecast, funding commitments from Arts Council England, and longer-term plans and forecasts for 2021 and beyond. As a result, the trustees are satisfied that these accounts can be prepared on a going concern basis.

### **ORGANISATIONAL DEVELOPMENT**

Although hindered by the pandemic, we are still working towards building a more sustainable and resilient future as an organisation. We are focusing primarily on how our activity can support emerging artists from our Artist Leads to our volunteers, studio artists and wider community of local artists and participants. We have reduced our public programme to think about organisational development – with our main focus being to gain financial support in the form of a Studio Manager to remove the burden on our Artist Leads which hinders the opportunity to develop creative ideas, support our studio artists and work on networking with local community. Further funding, consultation and support are needed to achieve this – work which will be undertaken by trustees, consultants, and critical friends.

**TRS GALLERY  
ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020**

**TRUSTEES' REPORT**

**RISK MANAGEMENT**

The main risks to which the charitable company is exposed as identified by the Trustees have been considered and systems have been established to mitigate those risks.

**FINANCIAL REVIEW**

Incoming resources for the year totalled £105,574 (2019: £56,349) of which £51,447 (2019: £15,140) related to funding for projects upon which restrictions are placed. Total expenditure in the year was £68,925 (2019: £61,837), leaving a surplus for the year of £36,649 (2019: deficit £5,488). At 31 August 2020, the charitable company's reserves stood at a surplus of £30,403 (2019: deficit £6,246) of which a surplus of £12,276 (2019: surplus £9,793) represented restricted funds.

**RESERVES POLICY**

The purpose of the Reserves Policy for is to ensure the financial stability of the organisation and that it maintains a viable operating position to deliver on its charitable objectives. Based on the current operating expenditure the Target Operating Reserve is set at £12,500 which is equivalent to three months of operating cash expenses.

**Definitions, Targets and Reporting:**

The Operating Reserve is intended to provide an internal source of unrestricted funds for unforeseen situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding/rental income, or uninsured losses. The Reserve may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as staff development, research and development, or investment in infrastructure. Operating Reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap.

The target minimum Operating Reserve Fund is equal to three months of average operating cash expenses. The calculation of average monthly expenses excludes any costs associated with the delivery of arts related activities which are to be funded from Restricted funds and do not therefore form part of the Operating Reserve Calculation.

The amount of the Operating Reserve Fund target minimum will be calculated each year after approval of the annual budget, and reported by the Finance Sub-Committee to the Full Trustee meeting for formal approval. The Operating Reserve is a live target that will be monitored as part of the Full Trustee meeting cycle.

**Funding of Reserves:**

The Operating Reserve Fund should be funded with surplus unrestricted operating funds. The Trustees may from time to time direct that a specific source of revenue be set aside for Operating Reserves. Examples may include eligible grant funding with unrestricted access to the funds; donations; and sponsorship related to artistic activity.

**TRS GALLERY  
ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020**

**TRUSTEES' REPORT**

**RESERVES POLICY (continued)**

**Use of Reserves:**

Use of the Operating Reserves requires three steps:

1. Identification of appropriate use of reserve funds - The Trustees and Directors will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this Policy. This step requires analysis of the reason for the shortfall, the availability of any other sources of funds before using reserves, and evaluation of the time period that the funds will be required and replenished.

2. Authority to use operating reserves - A request to use Operating Reserves will be submitted to Trustees for approval as part of a Full Trustee meeting agenda item. The request should include the analysis and determination of the use of funds and plans for replenishment.

The organisation's goal is to replenish the funds used within twelve months to restore the Operating Reserve Fund to the target minimum amount. If the use of Operating Reserves will take longer than 12 months to replenish, the request will be scrutinized more carefully. The Trustees will approve or modify the request and authorise transfer from the fund. This will be recorded as a minute within the Full Trustee meeting report

3. Reporting and monitoring - A nominated Director is responsible for ensuring that the Operating Reserve Fund is maintained and used only as described in this Policy. Upon approval for the use of Operating Reserve funds, the Director will maintain records of the use of funds and plan for replenishment. He/she will provide regular reports to the Finance Committee and trustees of progress to restore the Fund to the target minimum amount. The use and current status/level of Operating Reserves will be an Agenda item at the Full Trustee meeting

**Actual Operating Reserve:**

As of 30 August 2018 the total unrestricted funds available to be ring-fenced for Operating Reserves fell short of the three-month target. The key issue affecting the reserves of the charitable company relate to the relocation of the charitable company in 2017, leading to costs being greater than anticipated. A financial strategy was put in place in 2018 to bring current reserves closer to the target figure.

A number of actions have now been implemented. These include:

- Increasing the rent from studio members by 10%
- Recruiting new trustees and advisors with specific financial and governance skills
- Strengthen existing institutional studio tenants and source new partnerships with scope for a premium rental income
- Increase the submission of grant applications including a significant application to the Arts Council which will include a core cost element to support unrestricted expenditure costs; and,
- Appointment of full-time support from the John Lewis secondment programme.

**TRS GALLERY  
ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020**

**TRUSTEES' REPORT**

**RESERVES POLICY (continued)**

A Finance Sub-Committee has been established to review and monitor the actions above and to report into a strengthened Trustee committee. Despite the challenges presented, the Trustees are confident the actions presented will support the improvement of the current reserve to meet more closely with the Target Operating Reserve over time.

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the Trustees should follow best practice and:

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

The Trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**APPROVAL**

This report has been prepared in accordance with the Charities Act 2011, Companies Act 2006, Accounting and Reporting by Charities; Statement of Recommended Practice (SORP 2015) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1<sup>st</sup> January 2015).

This report was approved by the Board of Trustees on 4<sup>TH</sup> June 2021.

R Stockill  
Trustee

**TRS GALLERY  
ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020**

**INDEPENDENT EXAMINER'S STATEMENT**

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES**

I report to the trustees on our examination of the accounts for the year ended 30 August 2020.

**Responsibilities and basis of report**

As the charity trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act'). The trustees consider that an audit is not required for this year under section 144(2) of the Act and that an independent examination is needed.

I report in respect of my examination of the Trust's accounts carried out under section 145 of the Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

**Independent examiner's statement**

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

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination.

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



Matthew Brown, CPFA  
Adding Value Consultancy Ltd  
Accountants and Financial Management Consultants  
Date: 4<sup>th</sup> June 2021

**TRS GALLERY**  
**ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020**

**STATEMENT OF FINANCIAL ACTIVITIES**

	Notes	Unrestricted funds	Restricted funds	2020 Total	2019 Total
<b>Income and endowments from:</b>					
Donations and legacies	2	13,640	51,447	65,087	16,840
Other Trading activities	3	40,487	0	40,487	39,509
<b>Total Income and endowments</b>		<b>54,127</b>	<b>51,447</b>	<b>105,574</b>	<b>56,349</b>
<b>Expenditure:</b>					
Expenditure on charitable activities	4	19,140	48,964	68,104	61,441
Fundraising	5	821	0	821	396
<b>Total Expenditure</b>		<b>19,961</b>	<b>48,964</b>	<b>68,925</b>	<b>61,837</b>
<b>Net Income (Expenditure) for the Year</b>		<b>34,166</b>	<b>2,483</b>	<b>36,649</b>	<b>(5,488)</b>
Net income/(expenditure) for the year		34,166	2,483	36,649	(5,488)
Total funds brought forward		(16,039)	9,793	(6,246)	(758)
<b>Net funds carried forward</b>		<b>18,127</b>	<b>12,276</b>	<b>30,403</b>	<b>(6,246)</b>

The Statement of Financial Activities includes all gains and losses recognised during the year. All income and expenditure relate to continuing operations.

**TRS GALLERY**  
**ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020**

**BALANCE SHEET AS AT 31 AUGUST 2020**

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Tangible Fixed Assets	7	-	2,154
<b>CURRENT ASSETS</b>			
Debtors (amounts falling due within one year)	8	1,689	0
Cash at bank and in hand		40,074	9,885
		<u>41,763</u>	<u>9,885</u>
CREDITORS: Amounts falling due within one year	9	<u>(11,360)</u>	<u>(18,285)</u>
<b>NET CURRENT ASSETS (LIABILITIES)</b>		30,403	(8,400)
<b>TOTAL NET ASSETS</b>		<b>30,403</b>	<b>(6,246)</b>
<b>RESERVES</b>			
Unrestricted funds	11	18,127	(16,039)
Restricted funds	12	12,276	9,793
		<u><b>30,403</b></u>	<u><b>(6,246)</b></u>

For the year ending 31 August 2020 the company was entitled to exemption under section 477 of the Companies Act relating to small companies. The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.  
These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the board of trustees on 4<sup>th</sup> June 2021 and signed on their behalf:

R Stockill  
Trustee

**TRS GALLERY**  
**ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020**

**NOTES TO THE ACCOUNTS**

**1. ACCOUNTING POLICIES**

**1a. Basis of Accounting**

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (SORP 2015) (effective 1<sup>st</sup> January 2015), Charities Act 2011 and the Companies Act 2006.

The accounts are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £.

**1b. Fund accounting**

Unrestricted funds are the charitable company's free reserves available for the Trustees to apply in accordance with the charitable company's charitable objectives.

Restricted funds are subject to specific restrictive conditions imposed by the donor. All restricted funds are accounted for as restricted income and expenditure for the purposes is charged to the fund.

**1c. Income recognition**

All income is recognised once the charitable company has entitlement to the income, there is sufficient certainty of receipt and so it is probable that the income will be received, and the amount of income receivable can be measured reliably.

Donations and legacies comprise of donations and general grants which are recognised in the accounts when received, with the exception of known legacies which are accounted for when their receipt is certain.

Other trading income relates to all fundraising events and is recognised when the amounts are certain.

**1d. Expenditure recognition**

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charitable company to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

**TRS GALLERY**  
**ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020**

**NOTES TO THE ACCOUNTS**

**1. ACCOUNTING POLICIES (continued)**

All expenditure is accounted for on an accruals basis. All expenses, including support costs and governance costs, are allocated or apportioned to the applicable expenditure headings in the Statement of Financial Activities. Support and governance costs are applied to unrestricted funds unless specifically included in the restrictions, as specified by the donor.

Expenditure on charitable activities relate to the operation of the charitable company comprising of direct charitable expenditure to meet the objectives of the charitable company. Support and governance costs relate to the management and operation of the organisation and also compliance with constitutional and statutory requirements in producing the annual report. These are dealt with in the Statement of Financial Activities when payment has been approved by the charitable company.

**1e. Tangible fixed assets**

Tangible fixed assets are stated in the balance sheet as cost or revaluation less accumulated depreciation. Capital expenditure of £100 and above is treated as a fixed asset. Depreciation is provided to write off the cost of each asset over its expected useful life as below:

Improvements to property	25% per annum straight line basis
Plant and machinery	25% per annum straight line basis

**1f. Cash and cash equivalents**

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

**1g. Financial instruments**

The charitable company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**1h. Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**TRS GALLERY  
ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020**

**NOTES TO THE ACCOUNTS**

**1. ACCOUNTING POLICIES (continued)**

**1j. Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

**1k. Derecognition of financial liabilities**

Financial liabilities are derecognised when the charitable company's contractual obligations expire or are discharged or cancelled.

**1l. Taxation**

Income and gains are exempt from taxation as they are received and applied for charitable purposes only. The charitable company benefits from various exemptions from taxation afforded by tax legislation and is not liable to corporation tax on income or gains falling within those exemptions.

**1m. Critical accounting estimates and judgements**

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**TRS GALLERY**  
**ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020**

**NOTES TO THE ACCOUNTS**

**2. INCOME AND ENDOWMENTS FROM DONATIONS AND LEGACIES**

	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
Donations and sponsorship	3,640	-	3,640	1,700
Grants Receivable	10,000	51,447	61,447	15,140
	<u>13,640</u>	<u>51,447</u>	<u>65,087</u>	<u>16,840</u>

	2020 £	2019 £
Analysis of grants receivable:		
Arts Council England	14,960	14,890
Communal	-	250
Frolich	9,847	-
Arts Council England - Emergency funding	26,640	-
Liverpool City Council	10,000	-
	<u>61,447</u>	<u>15,140</u>

**3. INCOME AND ENDOWMENTS FROM OTHER TRADING ACTIVITIES**

	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
Fundraising	4,598	-	4,598	4,154
Rents Receivable	35,889	-	35,889	35,355
	<u>40,487</u>	<u>-</u>	<u>40,487</u>	<u>39,509</u>

**4. EXPENDITURE ON CHARITABLE ACTIVITIES**

	Direct Charitable Expenditure 2020 £	Support Finance & Governanc 2020 £	Total 2020 £	Total 2019 £
Operation of an artists' gallery and exhibitions	33,686	34,418	68,104	61,441
	<u>33,686</u>	<u>34,418</u>	<u>68,104</u>	<u>61,441</u>

**TRS GALLERY**  
**ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020**

**NOTES TO THE ACCOUNTS**

**4. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Direct Charitable Expenditure		
Fees and other costs	-	763
Insurance	554	546
Operating Leases	18,762	17,073
Project Costs	13,474	11,807
Rates and water	341	1,233
Website & advertising	178	-
Subscriptions & office costs	378	-
Depreciation	2,154	2,156
Release of capital grant	(2,155)	(2,155)
	<u>33,686</u>	<u>31,423</u>

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Support Finance & Governance		
Accountancy and legal fees	3,121	1,573
Bank charges	77	167
Write off of rental income arrears	1,644	-
Insurance	831	819
Operating leases	28,143	25,609
Rates and water	511	1,850
Training	90	-
	<u>34,418</u>	<u>30,018</u>

Total expenditure on Charitable Activities	<u>68,104</u>	<u>61,441</u>
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£48,964 (2019: £17,729) of the above expenditure relates to restricted funding.

All costs, unless easily identifiable, have been apportioned between Charitable Activities and Support Costs at 40% and 60% respectively. This ratio is considered by the Trustees to fairly reflect the split of expenditure undertaken within the charity.

**5. EXPENDITURE ON FUNDRAISING ACTIVITIES**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total Funds</b>	<b>Total Funds</b>
	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Events	821	-	821	396
	<u>821</u>	<u>-</u>	<u>821</u>	<u>396</u>

**TRS GALLERY**  
**ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020**

**NOTES TO THE ACCOUNTS**

**6. TRUSTEES REMUNERATION AND BENEFITS**

No Trustees were remunerated during the year.

No Trustees expenses (2019: nil) were paid in the year to cover travel expenses.

**7. TANGIBLE FIXED ASSETS**

	Improvements to property £	Plant and machinery £	Total £
<b>Cost</b>			
At 31 August 2019	8,619	2,406	11,025
At 31 August 2020	8,619	2,406	11,025
<b>Depreciation</b>			
At 31 August 2019	6,465	2,406	8,871
For the year	2,154	0	2,154
At 31 August 2020	8,619	2,406	11,025
<b>Net Book Value</b>			
At 31 August 2020	-	-	-
At 31 August 2019	2,154	-	2,154

**8. DEBTORS**

	2020 £	2019 £
Amounts falling due within one year:		
Rental debtors	1,689	-
	1,689	-

**TRS GALLERY**  
**ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020**

**NOTES TO THE ACCOUNTS**

**9. CREDITORS: amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Accruals	7,036	12,013
Deferred Income	4,324	4,117
Deferred government grants	0	2,155
	<u>11,360</u>	<u>18,285</u>

**10. LEASING AGREEMENTS**

The charitable company had outstanding commitments for future minimum lease payments which fall due as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Within one year	49,680	49,634
Two to five years	41,400	78,232
	<u>91,080</u>	<u>127,866</u>

**11. UNRESTRICTED FUNDS**

	<b>Brought forward</b>	<b>Incoming resources</b>	<b>Outgoing resources</b>	<b>Carried forward</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
General Fund	(16,039)	54,127	(19,961)	18,127
	<u>(16,039)</u>	<u>54,127</u>	<u>(19,961)</u>	<u>18,127</u>

**12. RESTRICTED FUNDS**

	<b>Brought forward</b>	<b>Incoming resources</b>	<b>Outgoing resources</b>	<b>Carried forward</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Arts Council England	-	14,960	(14,960)	-
Arts Council England - emergency grant		26,640	(26,640)	-
Frolich Estate		9,847	-	9,847
Community Foundation for Merseyside	2,429	-	-	2,429
International Festival for Business	3,028	-	(3,028)	-
Liverpool Empire Trust	1,450	-	(1,450)	-
National Lottery Awards for all	2,886	-	(2,886)	-
	<u>9,793</u>	<u>51,447</u>	<u>(48,964)</u>	<u>12,276</u>

These are the monies given to the charitable company to be spent for specific purposes.

**TRS GALLERY  
ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020**

**NOTES TO THE ACCOUNTS**

**12. RESTRICTED FUNDS (continued)**

**Arts Council England** is funding towards a development programme to build and expose the charitable company to wider audience.

**Arts Council England Emergency Recovery Grant** allowed us to provide reduced rent to studio artists to reduce the financial pressures placed on our community of artists, many of whom had their finances dramatically reduced due to loss of freelance work and commissions.

**Estate of the Late Mrs AF Frohlich** - Bequest granted to contribute towards hiring a permanent Studio Manager & supporting residency scheme for HEI graduates.

**International Festival of Business** helped to fund a programme aimed at creating transparency between business and art.

**Liverpool Empire Trust** is going to be used towards printer costs.

**National Lottery Awards for All** was used for the 'Working Together: Improving the Social Space at TRS Gallery' project.

**13. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	General Unrestricted funds £	Restricted funds £	Total Funds £
Tangible Fixed Assets	-	-	-
Net Current Assets/(liabilities)	18,127	12,276	30,403
	<u>18,127</u>	<u>12,276</u>	<u>30,403</u>

**14. RELATED PARTY TRANSACTIONS**

The trustee L Payot is also a studio holder.

There were no other material related party transactions during the year which require disclosure (2019: none).

**TRS GALLERY**  
**ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES**

This page does not form part of the statutory financial statements

<b>Incoming Resources</b> <b>for the year ending 31 August 2020</b>	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
<b>Donations and legacies</b>		
Donations and sponsorship	3,640	1,700
Grants	61,447	15,140
	<u>65,087</u>	<u>16,840</u>
<b>Other trading activities</b>		
Fund raising events	4,598	4,154
Rents receivable	35,889	35,355
	<u>40,487</u>	<u>39,509</u>
<b>Total Incoming Resources</b>	<b><u>105,574</u></b>	<b><u>56,349</u></b>
 <b>Expenditure</b> <b>for the year ending 31 August 2020</b>	 <b>2020</b> <b>£</b>	 <b>2019</b> <b>£</b>
<b>Fundraising</b>		
Events	821	396
<b>Charitable Activities</b>		
Fees and other costs	-	763
Insurance	554	546
Operating Leases	18,762	17,073
Project Costs	13,474	11,807
Rates and water	341	1,233
Website & Advertising	178	-
Subscription & office costs	378	-
Depreciation	2,154	2,156
Release of capital grant	(2,155)	(2,155)
	<u>33,686</u>	<u>31,423</u>
<b>Support costs - management</b>		
Insurance	831	819
Operating leases	28,143	25,609
Rates and water	511	1,850
Training	90	-
	<u>29,576</u>	<u>28,278</u>
<b>Finance Costs</b>		
Bank Charges	77	167
Write off of rental income arrears	1,644	-
<b>Governance Costs</b>		
Governance Costs - Accountancy	3,121	1,573
<b>Total resources expended</b>	<b><u>68,925</u></b>	<b><u>61,837</u></b>
<b>Net Income/ (Expenditure)</b>	<b><u>36,649</u></b>	<b><u>(5,488)</u></b>